



LCWD
Lebec County Water District

PACKET

March 8, 2016

FOR PUBLIC VIEW ONLY

(Please do not remove from office)

8. BOARD/STAFF PROPOSED AGENDA ITEMS

9. ANNOUNCE DATE/TIME OF THE NEXT MEETING

Regular Board Meeting Scheduled for March 8, 2016 7pm at the District Office

10. ADJOURNMENT

President Hightower made a **MOTION** to adjourn the meeting.

Director Maillis **SECONDED** the Motion.

Yea: 3(BH, PM, MH)

Nay: 0

Abstain:

0

Board concurs and Motion passes

MEETING WAS ADJOURNED AT 8:38PM

Director Maillis made a MOTION to move to open session.

Secretary/Treasurer Hopper SECONDED the Motion.

Yea: 4(BH, PM, MH, WM)

Nay: 0

Abstain: 0

Board concurs and Motion passes.

3. OPEN SESSION

- a. ANNOUNCE ACTIONS TAKEN-Gov't code 54957.1

President Hightower made a MOTION to increase the Water Operators hourly wage by \$4 and should be retroactive beginning Monday Feb 29, 2016.

Secretary/Treasurer Hopper SECONDED the Motion.

Yea: 4(BH, PM, MH, WM)

Nay: 0

Abstain: 0

Board concurs and Motion passes.

Director Maillis made a MOTION to Adjourn Meeting

Secretary/Treasurer Hopper SECONDED the Motion

Yea: 3 (MH,BH, PM)

Nay: 0

Abstain: 0

Board concurs, and Motion passes.

MEETING WAS ADJOURNED AT 9:45AM

10:30 AM

03/03/16

LEBEC COUNTY WATER DISTRICT
Reconciliation Summary
1020 · Lebec Co Water Dist. - Checking, Period Ending 02/29/2016

| | Feb 29, 16 |
|-----------------------------------|------------------|
| Beginning Balance | 92,430.97 |
| Cleared Transactions | |
| Checks and Payments - 43 ite... | -30,383.73 |
| Deposits and Credits - 27 items | 37,791.38 |
| Total Cleared Transactions | 7,407.65 |
| Cleared Balance | <u>99,838.62</u> |
| Uncleared Transactions | |
| Checks and Payments - 5 items | -4,037.93 |
| Total Uncleared Transactions | -4,037.93 |
| Register Balance as of 02/29/2016 | <u>95,800.69</u> |
| New Transactions | |
| Checks and Payments - 2 items | -5,623.76 |
| Total New Transactions | -5,623.76 |
| Ending Balance | <u>90,176.93</u> |

11:38 AM

03/03/16

LEBEC COUNTY WATER DISTRICT
Reconciliation Summary
1040 · Grant Checking Account, Period Ending 02/29/2016

| | <u>Feb 29, 16</u> |
|-----------------------------------|------------------------|
| Beginning Balance | 5.00 |
| Cleared Transactions | |
| Deposits and Credits - 2 ite... | <u>3,923.57</u> |
| Total Cleared Transactions | <u>3,923.57</u> |
| Cleared Balance | <u><u>3,928.57</u></u> |
| Register Balance as of 02/29/2016 | 3,928.57 |
| Ending Balance | 3,928.57 |

LEBEC COUNTY WATER DISTRICT

Reconciliation Detail

03/03/16

1020 · Lebec Co Water Dist. - Checking, Period Ending 02/29/2016

| Type | Date | Num | Name | Clr | Amount | Balance |
|--|------------|-------|-----------------------|-----|-------------------|-------------------|
| Beginning Balance | | | | | | 92,430.97 |
| Cleared Transactions | | | | | | |
| Checks and Payments - 43 items | | | | | | |
| Bill Pmt -Check | 01/28/2016 | 7230 | Sam Farr | X | -1,493.74 | -1,493.74 |
| Bill Pmt -Check | 01/28/2016 | 7229 | McMor Chlorinati... | X | -269.50 | -1,763.24 |
| Bill Pmt -Check | 01/28/2016 | 7227 | Fred C. Gilbert Co. | X | -215.00 | -1,978.24 |
| Bill Pmt -Check | 01/28/2016 | 7226 | BC Laboratories | X | -100.00 | -2,078.24 |
| Bill Pmt -Check | 01/28/2016 | 7228 | Lewis & Associates | X | -60.00 | -2,138.24 |
| Bill Pmt -Check | 01/31/2016 | 7249 | HD Supply Water... | X | -1,530.84 | -3,669.08 |
| Bill Pmt -Check | 01/31/2016 | 7246 | Ca Bank-Visa | X | -1,343.69 | -5,012.77 |
| Bill Pmt -Check | 01/31/2016 | 7252 | PGE5159 | X | -1,162.14 | -6,174.91 |
| Bill Pmt -Check | 01/31/2016 | 7254 | PGE8279 | X | -713.37 | -6,888.28 |
| Bill Pmt -Check | 01/31/2016 | 7250 | Lewis & Associates | X | -450.00 | -7,338.28 |
| Bill Pmt -Check | 01/31/2016 | 7245 | BC Laboratories | X | -253.75 | -7,592.03 |
| Bill Pmt -Check | 01/31/2016 | 7251 | PC Pal | X | -210.00 | -7,802.03 |
| Bill Pmt -Check | 01/31/2016 | 7248 | GE Capital | X | -96.75 | -7,898.78 |
| Bill Pmt -Check | 01/31/2016 | 7247 | Gas Company | X | -89.95 | -7,988.73 |
| Bill Pmt -Check | 01/31/2016 | 7244 | Ability Answering ... | X | -59.76 | -8,048.49 |
| Bill Pmt -Check | 01/31/2016 | 7256 | SCE 2-36-538-21... | X | -50.92 | -8,099.41 |
| Bill Pmt -Check | 01/31/2016 | 7255 | Price Disposal | X | -42.33 | -8,141.74 |
| Bill Pmt -Check | 01/31/2016 | 7253 | PGE5230 | X | -19.06 | -8,160.80 |
| Paycheck | 02/01/2016 | 7233 | Michael D Hight... | X | -2,231.43 | -10,392.23 |
| Paycheck | 02/01/2016 | 7231 | Jeffrey G Bryan | X | -1,393.96 | -11,786.19 |
| Paycheck | 02/01/2016 | 7232 | Jessica Carroll | X | -1,272.28 | -13,058.47 |
| Bill Pmt -Check | 02/02/2016 | 7240 | SCE 2-03-200-81... | X | -915.25 | -13,973.72 |
| Bill Pmt -Check | 02/02/2016 | 7241 | State Compensat... | X | -802.58 | -14,776.30 |
| Bill Pmt -Check | 02/02/2016 | 7239 | Pilot Travel Cent... | X | -288.50 | -15,064.80 |
| Bill Pmt -Check | 02/02/2016 | 7237 | At&T Office | X | -175.73 | -15,240.53 |
| Bill Pmt -Check | 02/02/2016 | 7242 | Underground Ser... | X | -166.80 | -15,407.33 |
| Bill Pmt -Check | 02/02/2016 | 7238 | AUS Aramark | X | -152.48 | -15,559.81 |
| Bill Pmt -Check | 02/02/2016 | 7236 | 3D Imaging Syste... | X | -115.42 | -15,675.23 |
| Bill Pmt -Check | 02/02/2016 | 7243 | Verizon Wireless | X | -109.88 | -15,785.11 |
| Bill Pmt -Check | 02/02/2016 | 7235 | 3470218732 | X | -20.00 | -15,805.11 |
| Bill Pmt -Check | 02/02/2016 | 7234 | 3470109441 | X | -20.00 | -15,825.11 |
| Liability Check | 02/11/2016 | E-pay | EFTPS | X | -3,321.82 | -19,146.93 |
| Liability Check | 02/11/2016 | E-pay | EDD | X | -557.59 | -19,704.52 |
| Paycheck | 02/12/2016 | 7259 | Michael D Hight... | X | -1,814.24 | -21,518.76 |
| Paycheck | 02/12/2016 | 7258 | Jessica Carroll | X | -1,163.07 | -22,681.83 |
| Paycheck | 02/12/2016 | 7257 | Jeffrey G Bryan | X | -1,158.27 | -23,840.10 |
| Bill Pmt -Check | 02/22/2016 | 7262 | leonis, Bob | X | -4,269.36 | -28,109.46 |
| Bill Pmt -Check | 02/22/2016 | 7260 | AFCO Insurance ... | X | -828.86 | -28,938.32 |
| Bill Pmt -Check | 02/22/2016 | 7265 | PGE4923 | X | -181.02 | -29,119.34 |
| Bill Pmt -Check | 02/22/2016 | 7261 | AT&T Uverse | X | -82.00 | -29,201.34 |
| Paycheck | 02/29/2016 | 7268 | Jessica Carroll | X | -1,151.39 | -30,352.73 |
| Check | 02/29/2016 | | | X | -25.00 | -30,377.73 |
| Check | 02/29/2016 | | QuickBooks Payr... | X | -6.00 | -30,383.73 |
| Total Checks and Payments | | | | | -30,383.73 | -30,383.73 |
| Deposits and Credits - 27 items | | | | | | |
| Deposit | 02/04/2016 | | | X | 255.70 | 255.70 |
| Deposit | 02/04/2016 | | | X | 438.09 | 693.79 |
| Deposit | 02/04/2016 | | | X | 703.50 | 1,397.29 |
| Deposit | 02/04/2016 | | | X | 904.27 | 2,301.56 |
| Deposit | 02/08/2016 | | | X | 161.00 | 2,462.56 |
| Deposit | 02/08/2016 | | | X | 2,629.72 | 5,092.28 |
| Deposit | 02/08/2016 | | | X | 9,324.01 | 14,416.29 |
| Deposit | 02/12/2016 | | | X | 56.08 | 14,472.37 |
| Deposit | 02/12/2016 | | | X | 68.62 | 14,540.99 |
| Deposit | 02/12/2016 | | | X | 144.00 | 14,684.99 |
| Deposit | 02/12/2016 | | | X | 238.25 | 14,923.24 |
| Deposit | 02/16/2016 | | | X | 6,880.43 | 21,803.67 |
| Deposit | 02/18/2016 | | | X | 5,134.05 | 26,937.72 |
| Deposit | 02/19/2016 | | | X | 233.44 | 27,171.16 |
| Deposit | 02/19/2016 | | | X | 1,599.93 | 28,771.09 |
| Deposit | 02/22/2016 | | | X | 662.17 | 29,433.26 |
| Deposit | 02/23/2016 | | | X | 38.11 | 29,471.37 |
| Deposit | 02/23/2016 | | | X | 38.11 | 29,509.48 |

10:30 AM

03/03/16

LEBEC COUNTY WATER DISTRICT

Reconciliation Detail

1020 - Lebec Co Water Dist. - Checking, Period Ending 02/29/2016

| Type | Date | Num | Name | Clr | Amount | Balance |
|--------------------------------------|------------|-------|---------------------|-----|------------------|------------------|
| Deposit | 02/23/2016 | | | X | 42.00 | 29,551.48 |
| Deposit | 02/23/2016 | | | X | 69.00 | 29,620.48 |
| Deposit | 02/23/2016 | | | X | 177.36 | 29,797.84 |
| Deposit | 02/23/2016 | | | X | 5,597.92 | 35,395.76 |
| Deposit | 02/26/2016 | | | X | 671.95 | 36,067.71 |
| Deposit | 02/29/2016 | | | X | 153.00 | 36,220.71 |
| Deposit | 02/29/2016 | | | X | 420.81 | 36,641.52 |
| Deposit | 02/29/2016 | | | X | 526.28 | 37,167.80 |
| Deposit | 02/29/2016 | | | X | 623.58 | 37,791.38 |
| Total Deposits and Credits | | | | | 37,791.38 | 37,791.38 |
| Total Cleared Transactions | | | | | 7,407.65 | 7,407.65 |
| Cleared Balance | | | | | 7,407.65 | 99,838.62 |
| Uncleared Transactions | | | | | | |
| Checks and Payments - 5 items | | | | | | |
| Bill Pmt -Check | 02/22/2016 | 7266 | Wainright Emilie | | -800.00 | -800.00 |
| Bill Pmt -Check | 02/22/2016 | 7263 | Maillis, Patricia E | | -100.00 | -900.00 |
| Bill Pmt -Check | 02/22/2016 | 7264 | PC Pal | | -100.00 | -1,000.00 |
| Paycheck | 02/29/2016 | 7269 | Michael D Highto... | | -1,882.17 | -2,882.17 |
| Paycheck | 02/29/2016 | 7267 | Jeffrey G Bryan | | -1,155.76 | -4,037.93 |
| Total Checks and Payments | | | | | -4,037.93 | -4,037.93 |
| Total Uncleared Transactions | | | | | -4,037.93 | -4,037.93 |
| Register Balance as of 02/29/2016 | | | | | 3,369.72 | 95,800.69 |
| New Transactions | | | | | | |
| Checks and Payments - 2 items | | | | | | |
| Liability Check | 03/01/2016 | E-pay | EFTPS | | -4,821.54 | -4,821.54 |
| Liability Check | 03/01/2016 | E-pay | EDD | | -802.22 | -5,623.76 |
| Total Checks and Payments | | | | | -5,623.76 | -5,623.76 |
| Total New Transactions | | | | | -5,623.76 | -5,623.76 |
| Ending Balance | | | | | -2,254.04 | 90,176.93 |

LEBEC COUNTY WATER DISTRICT

Reconciliation Detail

1040 · Grant Checking Account, Period Ending 02/29/2016

| Type | Date | Num | Name | Clr | Amount | Balance |
|---------------------------------------|------------|------------|------------|-----|-----------------|-----------------|
| Beginning Balance | | | | | | 5.00 |
| Cleared Transactions | | | | | | |
| Deposits and Credits - 2 items | | | | | | |
| Bill | 01/31/2016 | xfr to ... | 3470109441 | X | 20.00 | 20.00 |
| Deposit | 02/22/2016 | | | X | 3,903.57 | 3,923.57 |
| Total Deposits and Credits | | | | | 3,923.57 | 3,923.57 |
| Total Cleared Transactions | | | | | 3,923.57 | 3,923.57 |
| Cleared Balance | | | | | 3,923.57 | 3,928.57 |
| Register Balance as of 02/29/2016 | | | | | 3,923.57 | 3,928.57 |
| Ending Balance | | | | | 3,923.57 | 3,928.57 |

LEBEC COUNTY WATER DISTRICT

Profit & Loss YTD Comparison

03/03/16

Accrual Basis

February 2016

| | Feb 16 | Jul '15 - Feb 16 |
|---|------------------|-------------------|
| Ordinary Income/Expense | | |
| Income | | |
| 4000 · Operating Revenue | | |
| 4010 · Commercial | 10,125.40 | 128,836.80 |
| 4030 · Other-Copies | 0.00 | 928.00 |
| 4040 · Residential | 9,276.43 | 90,791.91 |
| 4060 · Rent Income | 671.95 | 5,338.42 |
| 4090 · Refund | 0.00 | 12.90 |
| 4100 · Kern Co Tax Income | 703.50 | 22,086.27 |
| 4120 · Surplus Water | 2,820.30 | 20,126.30 |
| 4130 · Will Serve | 136.50 | 1,134.00 |
| 4140 · Late Charges & Customer Charg... | 749.37 | 8,879.66 |
| Total 4000 · Operating Revenue | 24,483.45 | 278,134.26 |
| Total Income | 24,483.45 | 278,134.26 |
| Expense | | |
| 6233 · Employee Drug Testing Fees | 0.00 | 30.00 |
| 6010 · Advertising | 22.80 | 328.80 |
| 6020 · Auto Expense | | |
| 6022 · Gas | 258.09 | 2,270.85 |
| 6028 · Repairs | | |
| 6028.3 · BACKHOE | 0.00 | 575.00 |
| 6028.2 · DODGE | 0.00 | 1,211.58 |
| 6028.1 · GMC | 0.00 | 577.29 |
| Total 6028 · Repairs | 0.00 | 2,363.87 |
| 6030 · Service | | |
| 6030.2 · Gmc Service | 0.00 | 271.57 |
| 6030.1 · Dodge Service | 0.00 | 484.96 |
| Total 6030 · Service | 0.00 | 756.53 |
| Total 6020 · Auto Expense | 258.09 | 5,391.25 |
| 6040 · Bank Service Charge | 25.00 | 240.00 |
| 6050 · Compensation of Board | 100.00 | 2,100.00 |
| 6065 · Depreciation | 4,952.08 | 39,616.64 |
| 6070 · Dues & Subscriptions | 0.00 | 1,356.00 |
| 6075 · Education | 0.00 | 527.91 |
| 6090 · Equipment Rental | 64.34 | 805.93 |
| 6095 · Fees and Permits | 298.59 | 2,466.89 |
| 6110 · Insurance | | |
| 6112 · Insurance - AFLAC | 0.00 | 0.00 |
| 6113 · Medical Insurance | 0.00 | -529.91 |
| 6115 · Business Insurance | 828.86 | 8,330.96 |
| 6120 · Workers Compensation Insurance | 802.58 | 5,513.60 |
| Total 6110 · Insurance | 1,631.44 | 13,314.65 |
| 6130 · Maintenance | | |
| 6135 · Maintenance Services | 135.00 | 927.08 |
| 6140 · Maintenance Supplies | 1,202.49 | 16,910.92 |

LEBEC COUNTY WATER DISTRICT

Profit & Loss YTD Comparison

03/03/16

Accrual Basis

February 2016

| | Feb 16 | Jul '15 - Feb 16 |
|---|-----------------|------------------|
| Total 6130 · Maintenance | 1,337.49 | 17,838.00 |
| 6145 · Meals & Entertainment | 0.00 | 120.00 |
| 6155 · Office Expense | | |
| 6160 · Computer | 100.00 | 1,127.90 |
| 6170 · Answering Service | 0.00 | 324.66 |
| 6175 · Repair | 142.93 | 1,011.15 |
| 6180 · Signage | 0.00 | 27.76 |
| 6185 · Supplies | 7.53 | 1,247.33 |
| Total 6155 · Office Expense | 250.46 | 3,738.80 |
| 6215 · Payroll - Gross Wages | 17,507.06 | 96,486.98 |
| 6235 · Payroll Service Fees | 6.00 | 42.45 |
| 6245 · Postage | 0.98 | 1,854.89 |
| 6250 · Professional Fees | | |
| 6255 · Accounting / Bookkeeping | 450.00 | 3,730.00 |
| 6260 · Audit | 0.00 | 11,000.00 |
| 6270 · Legal | 0.00 | 7,397.24 |
| 6250 · Professional Fees - Other | 20.00 | 20.00 |
| Total 6250 · Professional Fees | 470.00 | 22,147.24 |
| 6290 · Rent | 800.00 | 6,400.00 |
| 6300 · Repairs & Maintenance | | |
| 6302 · Maintenance | | |
| 6302.2 · Backhoe | 0.00 | 128.52 |
| 6302 · Maintenance - Other | 0.00 | 1,113.92 |
| Total 6302 · Maintenance | 0.00 | 1,242.44 |
| 6301 · Repairs | 0.00 | 381.62 |
| 6300 · Repairs & Maintenance - Other | 0.00 | 1,200.19 |
| Total 6300 · Repairs & Maintenance | 0.00 | 2,824.25 |
| 6310 · Software System | 0.00 | 1,012.00 |
| 6315 · Taxes | | |
| 6320 · Payroll Taxes | 1,899.78 | 9,360.59 |
| 6325 · Property Tax | 0.00 | 100.07 |
| Total 6315 · Taxes | 1,899.78 | 9,460.66 |
| 6340 · Telephone | 591.00 | 3,194.07 |
| 6342 · Tools | 0.00 | 54.79 |
| 6345 · Travel | 0.00 | 466.90 |
| 6352 · Uniforms | 230.79 | 1,628.28 |
| 6355 · Utilities - Office | | |
| 6360 · Electric | 0.00 | 487.61 |
| 6365 · Gas | 0.00 | 204.87 |
| 6370 · Trash | 42.33 | 338.64 |
| Total 6355 · Utilities - Office | 42.33 | 1,031.12 |
| 6375 · Utilities - Pumps | | |

LEBEC COUNTY WATER DISTRICT
Profit & Loss YTD Comparison

03/03/16

Accrual Basis

February 2016

| | Feb 16 | Jul '15 - Feb 16 |
|---------------------------------------|------------------|-------------------|
| 6380 · Electric | 1,095.69 | 25,649.32 |
| Total 6375 · Utilities - Pumps | 1,095.69 | 25,649.32 |
| 6390 · Water Test | 332.50 | 1,826.25 |
| Total Expense | 31,916.42 | 261,954.07 |
| Net Ordinary Income | -7,432.97 | 16,180.19 |
| Other Income/Expense | | |
| Other Income | | |
| 9015 · Grant Income | 3,903.57 | 8,781.73 |
| 9000 · Interest Income | 0.00 | 22.23 |
| Total Other Income | 3,903.57 | 8,803.96 |
| Other Expense | | |
| 9016 · Grant Expense | 0.00 | 9,262.40 |
| Total Other Expense | 0.00 | 9,262.40 |
| Net Other Income | 3,903.57 | -458.44 |
| Net Income | -3,529.40 | 15,721.75 |

LEBEC COUNTY WATER DISTRICT

Balance Sheet

03/03/16

As of February 29, 2016

Accrual Basis

| | Feb 29, 16 |
|---|-------------------|
| ASSETS | |
| Current Assets | |
| Checking/Savings | |
| 1040 · Grant Checking Account | 3,928.57 |
| 1080 · Savings | |
| 1081 · Emergency Fund Reserve | 120,000.00 |
| 1080 · Savings - Other | 355,041.45 |
| Total 1080 · Savings | 475,041.45 |
| 1011 - Customer Change Petty Ca | 300.00 |
| 1020 · Lebec Co Water Dist. - Checki... | 95,800.69 |
| Total Checking/Savings | 575,070.71 |
| Accounts Receivable | |
| 1200 · Accounts Receivable | 31,526.77 |
| Total Accounts Receivable | 31,526.77 |
| Other Current Assets | |
| 1260 · Bad Debt Loss A/R | -231.55 |
| Total Other Current Assets | -231.55 |
| Total Current Assets | 606,365.93 |
| Fixed Assets | |
| 1400 · Fixed Assets | |
| 1530 · Inventory | 28,218.42 |
| 1495 · Generator | 8,225.00 |
| 1490 · 02 Backhoe | 28,782.00 |
| 1480 · Used Welder | 2,600.00 |
| 1470 · Soft Start Well | 7,975.00 |
| 1630 · Tools | 4,084.73 |
| 1460 · 2012 Chevy Truck | 17,544.00 |
| 1615 · Tank Ladders | 6,972.00 |
| 1410 · Land | 15,521.00 |
| 1430 · Office Equipment | 4,352.00 |
| 1440 · RVS Software | 2,800.00 |
| 1450 · 2011 Dodge Truck | 36,179.75 |
| 1500 · Other Equipment | 8,250.00 |
| 1590 · Lebec Well Motor Pump | 10,109.35 |
| 1600 · Pumps & Wells | 191,245.40 |
| 1610 · Tanks | 313,180.72 |
| 1620 · Transmission & Distribution | 636,423.00 |
| 1690 · Accumulated Depreciation | -731,740.97 |
| Total 1400 · Fixed Assets | 590,721.40 |
| Total Fixed Assets | 590,721.40 |

LEBEC COUNTY WATER DISTRICT

Balance Sheet

03/03/16

As of February 29, 2016

Accrual Basis

| | Feb 29, 16 |
|---|---------------------|
| Other Assets | |
| 1800 · Deposits | 1,675.00 |
| Total Other Assets | 1,675.00 |
| TOTAL ASSETS | 1,198,762.33 |
| LIABILITIES & EQUITY | |
| Liabilities | |
| Current Liabilities | |
| Accounts Payable | |
| 2010 · Accounts Payable | 5,434.62 |
| Total Accounts Payable | 5,434.62 |
| Other Current Liabilities | |
| 2030 · Surplus Water Deposits | 5,650.00 |
| 2110 · Direct Deposit Liabilities | 288.24 |
| 2300 · Payroll Liabilities | |
| 2310 · Federal Withholding | -0.11 |
| 2320 · FICA | -0.45 |
| 2330 · State Withholding | 0.41 |
| 2350 · SUTA | 0.07 |
| 2360 · SDI | -0.14 |
| 2300 · Payroll Liabilities - Other | 6,925.61 |
| Total 2300 · Payroll Liabilities | 6,925.39 |
| 2400 · Accrued Payroll | -0.19 |
| Total Other Current Liabilities | 12,863.44 |
| Total Current Liabilities | 18,298.06 |
| Total Liabilities | 18,298.06 |
| Equity | |
| 3290 · Fund Balance -Net Assets | 797,919.12 |
| 3300 · Retained Earnings | 366,823.40 |
| Net Income | 15,721.75 |
| Total Equity | 1,180,464.27 |
| TOTAL LIABILITIES & EQUITY | 1,198,762.33 |

A/P Aging Detail

As of March 3, 2016

| Name | Memo | Open Balance |
|---------------------|-----------------------------------|--------------|
| Current | | |
| 3D Imaging S... | copier maint agreement | 142.93 |
| AUS Aramark | uniforms | 48.45 |
| AUS Aramark | uniforms | 32.87 |
| AUS Aramark | uniforms | 58.30 |
| AUS Aramark | uniforms | 32.87 |
| AUS Aramark | uniforms | 58.30 |
| At&T Office | office phones | 268.65 |
| BC Laboratories | testing fees | 332.50 |
| Fred C. Gilber... | extra pump parts all 3 wells | 101.86 |
| HD Supply W... | new hydrant | 1,100.63 |
| Hometown Pu... | board vacancy | 22.80 |
| Kern County ... | lafco sharing costs | 298.59 |
| Lewis & Asso... | bbookkeeper | 450.00 |
| Cash | petty cash 6155/6245 | 28.51 |
| Pilot Travel C... | chevy 1089 miles/dodge 407 miles | 258.09 |
| Pitney Bowes | postage machine rental | 64.34 |
| PowerTech El... | ridgeroute booster | 135.00 |
| Price Disposal | TRASH SERVICE 6370 | 42.33 |
| SCE 2-03-200... | pump electricity | 914.67 |
| State Compe... | Workers Comp Insurance 6120 | 802.58 |
| Verizon Wirel... | cell phones | 240.35 |
| leonis, Bob | Reimbursement | 4,269.36 |
| Maillis, Patrici... | Regular Meeting 2-16-16 | 100.00 |
| PC Pal | 6155 Setup Backup Software | 100.00 |
| AT&T Uverse | 6340 | 82.00 |
| PGE4923 | Ridge Route Pump Electricity 6375 | 181.02 |
| AFCO Insura... | liability/property insurance 6115 | 828.86 |
| Wainright Emi... | Rent 6290 | 800.00 |

TOTAL

11,795.86

Lebec County Water District.

Monthly Distribution Report

February, 2016

By: Mike Hightower, Jr.

Well Reports:

State Well

| | February | January | Difference | Uranium | Fluoride | Nitrate |
|---------------|-----------|-----------|------------|----------|-------------------------|---------|
| Static Level | 123'2" | 123' | -2" | 17 pCi/L | 1.8 mg/L | 5.3mg/L |
| Drawdown | 125'5" | 125' 3" | -2" | | Date: Feb 2016 | |
| GPM | 230 Gpm | 230 Gpm | 0 | | Bacteriological: | |
| Total Gallons | 1,158,173 | 1,590,711 | -432,538 | | Absent | |

Lebec Well

| | February | January | Difference | Uranium | Fluoride | Nitrate |
|---------------|----------|-----------|------------|----------|-------------------------|---------|
| Static Level | 82'9" | 82' 10" | +1" | 13 pCi/L | 1.3 mg/L | 5.2mg/L |
| Drawdown | 93'1" | 93' | +1" | | Date: Feb 2016 | |
| GPM | 210 Gpm | 210 Gpm | 0 | | Bacteriological: | |
| Total Gallons | 975,414 | 1,582,312 | -606,898 | | Absent | |

Chimney Canyon Well

| | February | January | Difference | Uranium | Fluoride | Nitrate |
|---------------|----------|-----------|------------|----------|-------------------------|---------|
| Static Level | 173'2" | 172' 11" | -3" | 21 pCi/L | 2.0 mg/L | 6.0mg/L |
| Drawdown | 201'3" | 201' | -3" | | Date: Feb 2016 | |
| GPM | 105 Gpm | 105 Gpm | 0 | | Bacteriological: | |
| Total Gallons | 849,354 | 1,283,291 | -433,937 | | Absent | |

| | | | |
|---------------------|------------------|--------------------|---------------------|
| Water Pumped | 2,982,941 | 4,456,314 Gal | Gal |
| Water Sold | 2,583,929 | 3,158,961 Gal | Gal |
| Water Loss | 399,012GL | 1,297,353GL | 13% for 2016 |

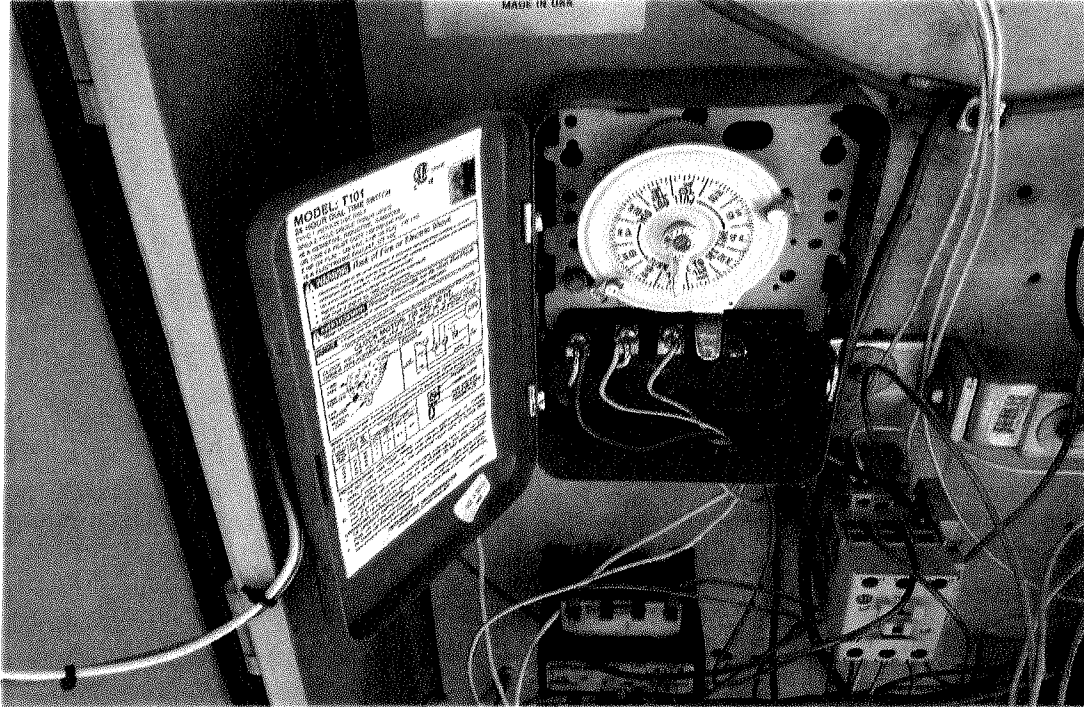
Cuddy Creek Well - Non-Potable

| | Febuary | January | Difference | Fluoride | Nitrate |
|--------------|----------|----------|------------|-----------------------|---------|
| Static Level | 177 Feet | 177 Feet | 0 | mg/L | mg/L |
| Drawdown | 188 Feet | 188 Feet | 0 | Date: Feb 2016 | |

System Information:

1. There were no water leaks reported for the month of February.
2. All bacteriological sample came back absent for coliform bacteria for February.
3. Terry, from Power Tech Electrical has installed mechanical times on all three of Lebec County Water Districts wells. This will allow the wells to be operated on off peak hours of electricity use. I would like to emphasize the importance of system reserve versus system demand, which includes fire demand, and water hauling. By using a mechanical timer instead of the radio remote float switch, leaves the State zone highly vulnerable to low system pressure, and a complete loss of water in the system. We will monitor the tanks every day and make adjustment accordingly. "See attached photos"
4. I have put together a preliminary schedule for the "To Do List" that Lebec County Water District received from the State Water Resources Control Board, on Thursday February 18, 2016. I have highlighted this form with yellow, to inform the Lebec County Water Districts "Board", of the work I feel Lebec County Water District should sublet to an outside contractor due to the nature, or severity of the tasks that need to be completed. Please consider these dates as tentative dates, with approval by the board to subcontract out the highlighted yellow areas. Please see attached "To Do List"
5. Dave Wasserman, and myself completed a new cross connection survey, Tuesday March 1, 2016. An updated list to the initial cross connection survey performed in 2014 has been completed, and is ready to be sent with Lebec County Water Districts letter, to the State Board of improvements.
6. The State Water Resources Control Board has asked Lebec County Water District to begin monitoring Lebec Well 01, and State Well 02, and already monitored Chimney Well 03 for Nitrate quarterly, because the MCL is over half the MCL for Nitrates in all three wells.
7. I have begun Lebec County Water District's Annual Water Report, it should be completed before the end of the month, and we also are working on an ERP "Emergency Response Plan, which needs completion by March 18, 2016. Emergency Generators are addressed, the board needs approve on who to use for generators, in case of emergency power loss.
8. I would like to ask the board to consider installing identical mechanical timers at the Ridge route, and Philips Booster pumps to increase reliability. We have been having continual problems with the digital timers at these two booster pumps.

Picture of mechanical time installed on all three wells.



mike

Jeff

Jeff & Mike

contract out

ENCLOSURE 1

State Of California
State Water Resources Control Board
Division Of Drinking Water

Deficiency/To-Do List

System Name: Lebec County Water District System No.: 1510051
Source of Information: Field Inspection and File Review
Collected by: Jaswinder Dhaliwal & Colton Nicholson Date: December 16-17, 2015

| Date Found | Description Of Deficiency | Order of Hazard | Planned Date of Correction |
|------------|---|-----------------|----------------------------|
| | SOURCES: | | |
| 12/16/15 | Well 01 (Lebec Well): The well casing vent needs to be raised 3' above grade. | C | March 1, 16 |
| 12/16/15 | Well 01 (Lebec Well): Discharge port of the ARVR Valve is not protected with a screen. | C | March 1, 16 |
| 12/16/15 | Well 01 (Lebec Well): There is no pump-to-waste arrangement. | C | April, 16 |
| 12/16/15 | Well 01 (Lebec Well): There are old pump columns lying around the well site that need to be removed. | D | March 23, 16 |
| 12/16/15 | Well 01 (Lebec Well): There are squirrel holes around the well site. <i>fill in with gravel</i> | C | March 3, 16 |
| 12/16/15 | Well 02 (State Well): Discharge port of the ARVR Valve is not protected with a screen. | C | Feb 26, 16 |
| 12/16/15 | Well 02 (State Well): There is erosion around the concrete pump pedestal. | C | March 29, 2016 |
| 12/16/15 | Well 02 (State Well): There is no pump-to-waste arrangement. | C | May 2016 |
| 12/16/15 | Well 02 (State Well): The well casing vent needs to be raised 3' above grade. | C | March 15, 2016 |
| 12/16/15 | Well 02 (State Well): There is an old pump at the well site area that needs to be removed. The well site should be kept clean and free of debris. | D | March 15, 2016 |
| 12/16/15 | Well 03 (Chimney Canyon) There is no pump-to-waste arrangement. | C | May 2016 |
| 12/16/15 | Well 03 (Chimney Canyon): The well casing vent needs to be raised 3' above grade. | C | March 22, 23, 2016 |
| 12/16/15 | Well 03 (Chimney Canyon): Discharge port of ARVR Valve is not protected with a screen. | C | March 22, 23 2016 |
| 12/16/15 | Well 03 (Chimney Canyon): Old propane tank located 15' south of the well needs to be removed. | D | 3 N/A |
| 12/16/15 | Well 03 (Chimney Canyon): An abandoned well located 40' west of the well needs to be properly destroyed. | C | 3 N/A |
| | STORAGE: | | |
| 12/17/15 | State Tank 1 (South): Screen on discharge port of ARVRV Valve is missing. | C | March 29, 2016 |
| 12/17/15 | State Tank 1 (South): Exterior paint is peeling and beginning to rust. | C | |
| 12/17/15 | State Tank 1 (South): There is no identification sign. | D | Done |
| 12/17/15 | State Tank 1 (South): Interior coating is failing, the tank needs to be recoated. | C | 6 |
| 12/17/15 | State Tank 1 (South): There is a broken/loose 6" hatch on top of tank; needs to be secured and/or fixed. | C | April 5, 2016 |
| 12/17/15 | State Tank 2 (East): No identification sign. | D | Done |
| 12/17/15 | State Tank 2 (East): Tank needs an air vent on the roof. | C | April 5, 2016 |
| 12/17/15 | State Tank 2 (East): Patches of rust inside the tank. | C | N/A |
| 12/17/15 | State Tank 3 (West): No identification sign. | D | Done |
| 12/17/15 | State Tank 3 (West): Tank needs an air vent on the roof. | C | April 5, 2016 |
| 12/17/15 | State Tank 3 (West): Patches of rust inside the tank. | C | N/A |

| Date Found | DESCRIPTION OF DEFICIENCY | Order of Hazard | Planned Date of Correction |
|------------|--|-----------------|----------------------------|
| 12/17/15 | State Tank 3 (West): Unidentified dark spot at the bottom of the tank. | C | April 12, 13, 14, 2016 |
| 12/16/15 | State Booster Pump Tank: Leaking ball valve on discharge of State Well Booster Pump Tank. | C | April 6, 2016 |
| 12/16/15 | State Booster Pump Tank: The capacity (gpm) of the booster pump is unknown. The booster pump capacity should be located/evaluated in order to determine if the pumping capacity is adequate to meet system demand. | D | April 7 2016 |
| 12/16/15 | State Booster Pump Tank: No identification sign. | D | Feb 29 2016 |
| 12/16/15 | State Booster Pump Tank: Unknown overflow outlet location. | C | repaired on Feb 23, 16 |
| 12/16/15 | Chimney Canyon Tank 1 (South): Common overflow screen is torn. | C | April 15, 2016 |
| 12/16/15 | Chimney Canyon Tank 1 (South): No identification sign. | D | Done |
| 12/16/15 | Chimney Canyon Tank 2 (North): No identification sign. | D | Done |
| 12/16/15 | Chimney Canyon Tanks: Screen on the common overflow pipe is torn. | C | April 15, 2016 |
| 12/16/15 | Chimney Canyon Tank 3: No identification sign. | D | Done |
| 12/16/15 | Chimney Canyon Tank 3: Some floating particles on the water surface, tank needs to be overflowed. | C | April 19, 2016 |
| 12/16/15 | Chimney Canyon Tank 3: The tank is badly rusted from inside. | C | N/A |
| 12/16/15 | Chimney Canyon Tank 3: There is a small hole in the tank roof (southeast side). | C | April 19 2016 |
| 12/16/15 | Chimney Canyon Tank 3: There is not a gauge for the water level indication. | C | April 19 2016 |
| 12/16/15 | Chimney Canyon Tank 4: Some floating flakes on the water surface, the tank needs to be overflowed. | C | April 19 2016 |
| 12/16/15 | Chimney Canyon Tank 4: There is a loose cover plate on the tank roof (covering a 1-inch dia. hole), this plate needs to be sealed. | C | April 19 2016 |
| 12/16/15 | Chimney Canyon Tank 4: The tank is badly rusted from inside, its coating should be evaluated to determine the need for recoating the tank. | C | N/A |
| 12/16/15 | Chimney Canyon Tank 4: There is not a gauge for the water level indication. | C | April 20 2016 |
| 12/16/15 | Chimney Canyon Tank 5: No identification sign. | D | Done |
| 12/16/15 | Chimney Canyon Tank 6: No identification sign. | D | Done |
| 12/16/15 | Chimney Canyon Tank 6: Small 1/2" hole on top of the tank (North East Side): need to ensure that this hole is sealed. | C | April 20 2016 |
| 12/17/15 | Lower Ridge Route Tank: Tank was nearly out of water (less than 1 foot). Need to review/adjust filling cycle and fix filling mechanism. | B | rechecked Jan 23, 16 |
| 12/17/15 | Lower Ridge Route Tank: There is no vent on the roof. | C | April 21 2016 |
| 12/17/15 | Lower Ridge Route Tank: No identification sign. | D | April 21 2016 |
| 12/17/15 | Lower Ridge Route Tank: No drain pipe. | C | April 21 2016 |
| 12/17/15 | Lower Ridge Route Tank: Paint peeling on outside and signs of rust inside and outside. <i>scheduled a contractor</i> | C | N/A |
| 12/17/15 | Lower Ridge Route Tank: Flakes of rust and debris at the bottom of tank. | C | N/A |
| 12/17/15 | Phillips Booster Tank: Rusting inside the tank. <i>Reformed replacing with</i> | C | Salina Boster N/A |
| 12/17/15 | Phillips Booster Tank: No overflow pipe installed. | C | May 13, 19, 2016 |
| 12/17/15 | Phillips Booster Tank: No identification sign. | D | April 13, 2016 |
| 12/17/15 | Phillips Booster Tank: There is no pressure gauge. | D | May 03, 2016 |
| 12/17/15 | Lebec Tank (North): Valve assembly in tank is badly rusted. | C | N/A |
| 12/17/15 | Lebec Tank (South): Small 1/2" hole on east side of the top of the tank needs to be sealed. | C | April 25 2016 |
| 12/17/15 | Lebec Tank (South): Some flakes on top of the water, the tank needs to be overflowed. | C | May 03 2016 |
| 12/17/15 | Lebec Tank (South): Water level gauge is broken. | C | May 03 2016 |
| 12/17/15 | Landfill Road Booster Tank: Need to locate and screen the overflow line. | C | May 04 2016 |
| 12/17/15 | Landfill Road Booster Tank: Inlet line is rusted. | C | May 04 2016 |

| Date Found | DESCRIPTION OF DEFICIENCY | Order of Hazard | Planned Date of Correction |
|------------|---------------------------|-----------------|----------------------------|
|------------|---------------------------|-----------------|----------------------------|

| | | | |
|----------|---|---|-----------------------|
| 12/17/15 | Landfill Road Booster Tank: The capacity (gpm) of the booster pump is unknown. The booster pump capacity should be located/evaluated in order to determine if the pumping capacity is adequate to meet system demand. | D | May 2 2016 |
| 12/17/15 | Landfill Road Booster Tank: There is no pressure gauge. | C | May 5 2016 |
| 12/17/15 | Upper Ridge Route Tank #1: Paint is peeling on tank. | C | N/A |
| 12/17/15 | Upper Ridge Route Tank #1: Flakes on top of water, the tank needs to be overflowed. | C | May 10 2016 |
| 12/17/15 | Upper Ridge Route Tank #1: Overflow pipe has a flapper; however, the end of the overflow is unknown and needs to be located and screened. | C | May 10 2016 |
| 12/17/15 | Upper Ridge Route Tank #2: Overflow has a flap backflow cover assembly, however the end of the overflow is unknown and needs to be located and screened. | C | May 10 2016 |
| 12/16/15 | Mesa Valley Tank #1: Flakes on surface of water, the tank needs to be overflowed. | C | May 11 2016 |
| 12/16/15 | Mesa Valley Tank #1: No identification sign. | D | May 11, 2016 |
| 12/16/15 | Mesa Valley Tank #2: Flakes on surface of water, the tank needs to be overflowed. | C | May 11 2016 |
| 12/16/15 | Mesa Valley Tank #2: No identification sign. | D | May 11 2016 |
| 12/16/15 | Mesa Valley Booster Pump Tank: Piping is rusted and rust inside the tank. | C | N/A |
| 12/16/15 | Ridge Route Booster Pump Tank: No screen protection on overflow. | C | May 12 2016 |
| 12/16/15 | Ridge Route Booster Pump Tank: The capacity (gpm) of the booster pump is unknown. The booster pump capacity should be located/evaluated in order to determine if the capacity is adequate for demand. | C | May 12 2016 |
| 12/16/15 | Ridge Route Booster Pump Tank: No screen on air relief valve. | C | May 12 2016 |
| 12/16/15 | Ridge Route Booster Pump Tank: No drain pipe. | C | May 12 2016 |
| 12/16/15 | Ridge Route Booster Pump Tank: Tank is very badly corroded; it should be evaluated for replacement. | C | N/A |
| 12/16/15 | Phillips Tank No. 1 (East): Minor rusting inside. | C | N/A |
| 12/16/15 | Phillips Tank No. 1 (East): Some floating flakes on the water surface, tank needs to be overflowed. | C | May 17 2016 |
| 12/16/15 | Phillips Tank No. 2 (West): Some floating flakes on the water surface, tank needs to be overflowed. | C | May 17 2016 |
| 12/16/15 | Phillips Tank No. 2 (West): Minor rusting inside. | C | N/A |
| | MONITORING: | | |
| 12/16/15 | Bacteriological Monitoring: The wells need to be sampled quarterly for bacteria and analyzed using the MPN/100mL method instead of the presence/absence method. | B | Effective immediately |
| 12/16/15 | Nitrate Monitoring: The Water District needs to continue conducting quarterly nitrate monitoring of Well 03 (Chimney Canyon Well) and begin quarterly nitrate monitoring of Well 01 (Lebec Well) and Well 02 (State Well), starting first quarter of 2016, because nitrate level in all three wells is over one-half of the MCL. | B | Effective immediately |
| | OPERATION: | | |
| 12/16/15 | Emergency Response Plan (ERP): The Water District does not have an ERP on file with the State Board. An ERP should be developed and submitted to the State Board within 3 months. | D | In Progress |

| Date Found | DESCRIPTION OF DEFICIENCY | Order of Hazard | Planned Date of Correction |
|------------|---|-----------------|----------------------------|
| 12/16/15 | Dead-End Flushing Program: The local fire department conducts some of the dead-end flushing for the Water District. The Water District needs to develop a program for tracking the dead-end flushing that the fire department conducts in order to track flushing of the dead ends and maintain accurate records of the program. | D | In progress |
| 12/16/15 | Cross-Connection Control Survey: It is noted that last cross-connection control survey was conducted on April 30, 2014, by Monte A. Raines from Kern Plumbing & Backflow Services, Inc. and findings of the survey were summarized in a report dated June 5, 2014 (copy enclosed). The report recommended installing several new backflow prevention assemblies. Within 30 days of the sanitary survey letter, the Water District should notify the State Board of improvements made and actions taken in response to the 2014 cross-connection control survey report. | D | In progress |
| 12/16/15 | Valve Exercise Program: System valves need to be located, identified and exercised. Currently, there is no valve exercise program. It is recommended that the Water District develop a valve exercise program. | N/A | In progress |
| 12/16/15 | Tank Inspection and Maintenance Program: The Water District needs to develop a tank inspection and maintenance program. The tanks must be inspected a minimum of once every five years. | D | In progress |

ORDER OF HAZARD

- A. CRITICAL HEALTH HAZARD - CORRECTIVE ACTION MUST BE TAKEN IMMEDIATELY
- B. SERIOUS POTENTIAL HEALTH HAZARD - ACTION MUST BE TAKEN AS SOON AS POSSIBLE
- C. POTENTIAL HEALTH HAZARD - MUST BE CORRECTED AS WORK LOAD PERMITS
- D. SYSTEM OR OPERATIONAL DEFECT RESULTING IN POOR WATERWORKS PRACTICE
- N/A. NOT APPLICABLE



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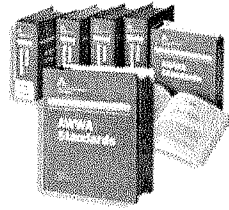
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- AWWA C303-08 Concrete Pressure Pipe, Bar-Wrapped, Steel-Cylinder Type
- AWWA C500-09 Metal-Seated Gate Valves for Water Supply Service
- AWWA C508-09 Swing-Check Valves for Waterworks Service 2-In Through 24-In (50-mm Through 600-mm) NPS
- AWWA C510-07 Double Check Valve Backflow Prevention Assembly
- AWWA C511-07 Reduced-Pressure Principle Backflow Prevention Assembly
- AWWA B200-12 Sodium Chloride
- AWWA B300-10 Hypochlorites
- AWWA B301-10 Liquid Chlorine
- AWWA B302-10 Ammonium Sulfate
- AWWA B303-10 Sodium Chlorite
- AWWA C652-11 Disinfection of Water Storage Facilities

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Group Medical Proposal

Prepared For: Lebec County Water District
 Prepared By: Mellyn Graham
 Zip: 93243

Prepared On: March 02, 2016
 Effective Date: April 01, 2016
 County: Kern

Employer Contribution
 EE: 100% Dep: 0%

Employee Rate Side by Side

| | Anthem Blue Cross PPO Silver PPO 2000/35%/6850 | Anthem Blue Cross PPO Gold PPO 2000/20%/4000 | Anthem Blue Cross PPO Gold PPO 1000/20%/4000 | Anthem Blue Cross PPO Platinum PPO 200/10%/3000 |
|---------------------------|--|--|--|--|
| Deductible In Net | \$2,000 | \$2,000 | \$1,000 | \$200 |
| Out Net | \$4,000 | \$4,000 | \$2,000 | \$600 |
| PC/Specialist In Net | \$25/\$45 ded waived | \$25/\$50 ded waived | \$20/\$40 ded waived | \$10/\$30 ded waived |
| Out Net | 50% after ded | 50% after ded | 50% after ded | 50% after ded |
| Co-Insurance In Net | 35% | 20% | 20% | 10% |
| Out Net | 50% | 50% | 50% | 50% |
| OOP Limit In Net | \$6,850 (incl ded) | \$4,000 (incl ded) | \$4,000 (incl ded) | \$3,000 (incl ded) |
| Out Net | \$13,700 (incl ded) | \$8,000 (incl ded) | \$8,000 (incl ded) | \$6,000 (incl ded) |
| Inpatient Hospital In Net | 35% after ded | 20% after ded | 20% after ded | 10% after ded |
| Out Net | 50% after ded; \$650 max/day | 50% after ded; \$650 max/day | 50% after ded; \$650 max/day | 50% after ded; \$650 max/day |
| Rx Generic In Net | \$15 ded waived | \$10 ded waived | \$15 ded waived | \$10 ded waived |
| Out Net | 50% ded waived | 50% ded waived | 50% ded waived | 50% ded waived |
| Rx Preferred In Net | \$40 ded waived | \$35 ded waived | \$40 after \$250 | \$35 ded waived |
| Out Net | 50% ded waived | 50% ded waived | 50% after ded | 50% ded waived |
| Rx Non-Preferred In Net | \$80 ded waived | \$70 ded waived | \$80 after \$250 | \$70 ded waived |
| Out Net | 50% ded waived | 50% ded waived | 50% after ded | 50% ded waived |

| | EE/Dep/Total | EE/Dep/Total | EE/Dep/Total | EE/Dep/Total |
|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Carroll , Jessica EE 40 | \$368.37 / \$0.00 / \$368.37 | \$409.62 / \$0.00 / \$409.62 | \$417.71 / \$0.00 / \$417.71 | \$487.37 / \$0.00 / \$487.37 |
| Hightower , Michael EE 44 | \$402.67 / \$0.00 / \$402.67 | \$447.77 / \$0.00 / \$447.77 | \$456.61 / \$0.00 / \$456.61 | \$532.75 / \$0.00 / \$532.75 |
| Bryan , Jeffrey EE 52 | \$562.64 / \$0.00 / \$562.64 | \$625.66 / \$0.00 / \$625.66 | \$638.01 / \$0.00 / \$638.01 | \$744.40 / \$0.00 / \$744.40 |
| RAF | 1.000 | 1.000 | 1.000 | 1.000 |
| EE's Included | 3/3 | 3/3 | 3/3 | 3/3 |
| EE Cost | \$1,333.68 | \$1,483.05 | \$1,512.33 | \$1,764.52 |
| Dep Cost | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Total | \$1,333.68 | \$1,483.05 | \$1,512.33 | \$1,764.52 |
| ER Total | \$1,333.68 | \$1,483.05 | \$1,512.33 | \$1,764.52 |

The above rates and benefits are for general information and discussion purposes only and not valid unless approved by the carrier. Final rates are determined by the carrier's underwriting guidelines and final enrollment. The insurance policy, not general rates and descriptions in this website or printed output, will form the contract between the insured and the carrier.

Group Medical Proposal

Prepared For: Lebec County Water District
 Prepared By: Mellyn Graham
 Zip: 93243

Prepared On: March 02, 2016
 Effective Date: April 01, 2016
 County: Kern

Employer Contribution
 EE: 100% Dep: 0%

Employee Rate Side by Side

| | Blue Shield PPO Gold Full PPO® 250/20 OffEx | Blue Shield PPO Gold Full PPO 0/20 OffEx | Blue Shield PPO Platinum Full PPO 150/15 OffEx | Blue Shield PPO Platinum Full PPO 0/10 OffEx |
|---------------------------|---|--|--|--|
| Deductible In Net | \$250 | \$0 | \$150 | \$0 |
| Out Net | \$500 | \$0 | \$300 | \$0 |
| PC/Specialist In Net | \$20/\$40 ded waived | \$20/\$45 | \$15/\$30 (ded waived) | \$10/\$25 |
| Out Net | 40% after ded | 40% | 40% | 40% |
| Co-Insurance In Net | 20% | 30% | 10% | 10% |
| Out Net | 40% | 40% | 40% | 40% |
| OOP Limit In Net | \$6,500 (incl ded) | \$6,500 | \$3,000 (incl ded) | \$2,500 |
| Out Net | \$10,000 (incl ded) | \$10,000 | \$8,000 (incl ded) | \$5,000 |
| Inpatient Hospital In Net | 20% after ded | 30% | 10% | 10% |
| Out Net | 40% after ded | 40%; max \$2,000/day | 40%; max \$2,000/day | 40%; max \$2,000/day |
| Rx Generic In Net | \$15 ded waived | \$15 | \$5 (ded waived) | \$5 |
| Out Net | Not covered | Not covered | Not covered | Not covered |
| Rx Preferred In Net | \$40 ded waived | \$40 | \$30 (ded waived) | \$30 |
| Out Net | Not covered | Not covered | Not covered | Not covered |
| Rx Non-Preferred In Net | \$60 ded waived | \$60 | \$50 (ded waived) | \$50 |
| Out Net | Not covered | Not covered | Not covered | Not covered |

| | EE/Dep/Total | EE/Dep/Total | EE/Dep/Total | EE/Dep/Total |
|---------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Carroll , Jessica EE 40 | \$430.71 / \$0.00 / \$430.71 | \$431.45 / \$0.00 / \$431.45 | \$484.27 / \$0.00 / \$484.27 | \$504.51 / \$0.00 / \$504.51 |
| Hightower , Michael EE 44 | \$470.82 / \$0.00 / \$470.82 | \$471.63 / \$0.00 / \$471.63 | \$529.37 / \$0.00 / \$529.37 | \$551.48 / \$0.00 / \$551.48 |
| Bryan , Jeffrey EE 52 RAF | \$657.87 / \$0.00 / \$657.87 | \$658.99 / \$0.00 / \$658.99 | \$739.67 / \$0.00 / \$739.67 | \$770.58 / \$0.00 / \$770.58 |
| EE's Included | 1.000 3/3 | 1.000 3/3 | 1.000 3/3 | 1.000 3/3 |
| EE Cost | \$1,559.40 | \$1,562.07 | \$1,753.31 | \$1,826.57 |
| Dep Cost | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Total | \$1,559.40 | \$1,562.07 | \$1,753.31 | \$1,826.57 |
| ER Total | \$1,559.40 | \$1,562.07 | \$1,753.31 | \$1,826.57 |

The above rates and benefits are for general information and discussion purposes only and not valid unless approved by the carrier. Final rates are determined by the carrier's underwriting guidelines and final enrollment. The insurance policy, not general rates and descriptions in this website or printed output, will form the contract between the insured and the carrier.

Group Medical Proposal

Prepared For: Lebec County Water District
 Prepared By: Mellyn Graham
 Zip: 93243

Prepared On: March 02, 2016
 Effective Date: April 01, 2016
 County: Kern

Employer Contribution
 EE: 100% Dep: 0%

Employee Rate Side by Side

| | Blue Shield PPO Silver Full PPO 1700/40 OffEx | Blue Shield PPO Silver Full PPO 1250/40 OffEx | Blue Shield PPO Gold Full PPO 1000/35 OffEx | Blue Shield PPO Gold Full PPO 750/20 OffEx |
|---------------------------|---|---|---|--|
| Deductible In Net | \$1,700 | \$1,250 | \$1,000 | \$750 |
| Out Net | \$3,400 | \$2,500 | \$2,000 | \$1,500 |
| PC/Specialist In Net | \$40/\$50 (ded waived) | \$40/\$50 (ded waived) | \$35/\$50 (ded waived) | \$20/\$35 (ded waived) |
| Out Net | 50% | 50% | 40% | 40% |
| Co-Insurance In Net | 30% | 40% | 20% | 20% |
| Out Net | 50% | 50% | 40% | 40% |
| OOP Limit In Net | \$6,500 (incl ded) | \$6,500 (incl ded) | \$6,500 (incl ded) | \$6,500 (incl ded) |
| Out Net | \$10,000 (incl ded) | \$10,000 (incl ded) | \$10,000 (incl ded) | \$10,000 (incl ded) |
| Inpatient Hospital In Net | 30% | 40% | 20% | 20% |
| Out Net | 50%; max \$2,000/day | 50%; max \$2,000/day | 40%; max \$2,000/day | 40%; max \$2,000/day |
| Rx Generic In Net | \$15 (ded waived) | \$15 (ded waived) | \$5 (ded waived) | \$10 (ded waived) |
| Out Net | Not covered | Not covered | Not covered | Not covered |
| Rx Preferred In Net | \$50 after \$300 | \$50 after \$250 | \$30 after \$500 | \$30 after \$200 |
| Out Net | Not covered | Not covered | Not covered | Not covered |
| Rx Non-Preferred In Net | \$75 after \$300 | \$75 after \$250 | \$50 after \$500 | \$50 after \$200 |
| Out Net | Not covered | Not covered | Not covered | Not covered |

| | EE/Dep/Total | EE/Dep/Total | EE/Dep/Total | EE/Dep/Total |
|---------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|---------------------------------------|
| Carroll , Jessica EE 40 | \$352.70 / \$0.00 / \$352.70 | \$353.54 / \$0.00 / \$353.54 | \$387.12 / \$0.00 / \$387.12 | \$404.61 / \$0.00 / \$404.61 |
| Hightower , Michael EE 44 | \$385.54 / \$0.00 / \$385.54 | \$386.46 / \$0.00 / \$386.46 | \$423.17 / \$0.00 / \$423.17 | \$442.28 / \$0.00 / \$442.28 |
| Bryan , Jeffrey EE 52 RAF | \$538.71 / \$0.00 / \$538.71 1.000 | \$539.99 / \$0.00 / \$539.99 1.000 | \$591.29 / \$0.00 / \$591.29 1.000 | \$617.99 / \$0.00 / \$617.99 1.000 |
| EE's Included | 3/3 | 3/3 | 3/3 | 3/3 |
| EE Cost | \$1,276.95 | \$1,279.99 | \$1,401.58 | \$1,464.88 |
| Dep Cost | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Total | \$1,276.95 | \$1,279.99 | \$1,401.58 | \$1,464.88 |
| ER Total | \$1,276.95 | \$1,279.99 | \$1,401.58 | \$1,464.88 |

The above rates and benefits are for general information and discussion purposes only and not valid unless approved by the carrier. Final rates are determined by the carrier's underwriting guidelines and final enrollment. The insurance policy, not general rates and descriptions in this website or printed output, will form the contract between the insured and the carrier.

Group Medical Proposal

Prepared For: Lebec County Water District
 Prepared By: Mellyn Graham
 Zip: 93243

Prepared On: March 02, 2016
 Effective Date: April 01, 2016
 County: Kern

Employer Contribution
 EE: 100% Dep: 0%

Employee Rate Side by Side

| | Covered CA EPO Health Net Silver 70 EPO 1800/30 w/o Child Dental Alternate | Covered CA EPO Health Net Gold 80 EPO 1000/20 w/o Child Dental Alternate |
|---------------------------|---|---|
| Deductible In Net | \$1,800 | \$1,000 |
| Out Net | N/A | N/A |
| PC/Specialist In Net | \$30/\$50 (ded waived) | \$20/\$30 (ded waived) |
| Out Net | N/A | N/A |
| Co-Insurance In Net | 50% | 20% |
| Out Net | N/A | N/A |
| OOP Limit In Net | \$6,500 (incl ded) | \$4,500 (incl ded) |
| Out Net | N/A | N/A |
| Inpatient Hospital In Net | 50% after ded | 20% after ded |
| Out Net | N/A | N/A |
| Rx Generic In Net | \$10 (ded waived) | \$5 (ded waived) |
| Out Net | N/A | N/A |
| Rx Preferred In Net | \$55 (ded waived) | \$15 (ded waived) |
| Out Net | N/A | N/A |
| Rx Non-Preferred In Net | 50% after \$350 | 20% after \$250 |
| Out Net | N/A | N/A |

| | EE/Dep/Total | EE/Dep/Total |
|------------------------------|------------------------------|------------------------------|
| Carroll , Jessica EE 40 | \$393.14 / \$0.00 / \$393.14 | \$449.24 / \$0.00 / \$449.24 |
| Hightower , Michael EE 44 | \$429.74 / \$0.00 / \$429.74 | \$491.07 / \$0.00 / \$491.07 |
| Bryan , Jeffrey EE 52 | \$600.47 / \$0.00 / \$600.47 | \$686.17 / \$0.00 / \$686.17 |
| RAF | 1.000 | 1.000 |
| EE's Included | 3/3 | 3/3 |
| Total Monthly Cost | \$1,423.35 | \$1,626.48 |
| Total Annual Cost | \$17,080.20 | \$19,517.76 |
| Est. Tax Credit | \$2,391.00 | \$2,732.00 |

The above rates and benefits are for general information and discussion purposes only and not valid unless approved by the carrier. Final rates are determined by the carrier's underwriting guidelines and final enrollment. The insurance policy, not general rates and descriptions in this website or printed output, will form the contract between the insured and the carrier.

Group Medical Proposal

Prepared For: Lebec County Water District
 Prepared By: Mellyn Graham
 Zip: 93243

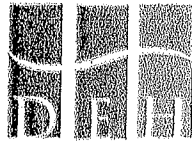
Prepared On: March 02, 2016
 Effective Date: April 01, 2016
 County: Kern

Employer Contribution
 EE: 100% Dep: 0%

Employee Rate Side by Side

| | Covered CA PPO Health Net Silver 70 PPO 1500/45 w/o Child Dental | Covered CA PPO Health Net Gold 80 PPO 0/35 w/o Child Dental | Covered CA PPO Health Net Platinum 90 PPO 0/20 w/o Child Dental |
|-------------------------------------|---|--|--|
| Deductible In Net | \$1,500 | \$0 | \$0 |
| Out Net | \$3,000 | \$0 | \$0 |
| PC/Specialist In Net | \$45/\$70 (ded waived) | \$35/\$55 | \$20/\$40 |
| Out Net | 50% after ded | 50% | 50% |
| Co-Insurance In Net | 20% | 20% | 10% |
| Out Net | 50% | 50% | 50% |
| OOP Limit In Net | \$6,500 (incl ded) | \$6,200 | \$4,000 |
| Out Net | \$13,000 (incl ded) | \$12,400 | \$8,000 |
| Inpatient Hospital In Net | 20% after ded | 20% | 10% |
| Out Net | 50% after ded | 50% | 50% |
| Rx Generic In Net | \$15 (ded waived) | \$15 | \$5 |
| Out Net | Not covered | Not covered | Not covered |
| Rx Preferred In Net | \$55 after \$250 | \$50 | \$15 |
| Out Net | Not covered | Not covered | Not covered |
| Rx Non-Preferred In Net | \$75 after \$250 | \$70 | \$25 |
| Out Net | Not covered | Not covered | Not covered |
| | EE/Dep/Total | EE/Dep/Total | EE/Dep/Total |
| Carroll , Jessica EE 40 | \$439.09 / \$0.00 / \$439.09 | \$495.22 / \$0.00 / \$495.22 | \$588.48 / \$0.00 / \$588.48 |
| Hightower , Michael EE 44 | \$479.98 / \$0.00 / \$479.98 | \$541.33 / \$0.00 / \$541.33 | \$643.28 / \$0.00 / \$643.28 |
| Bryan , Jeffrey EE 52 | \$670.67 / \$0.00 / \$670.67 | \$756.39 / \$0.00 / \$756.39 | \$898.84 / \$0.00 / \$898.84 |
| RAF | 1.000 | 1.000 | 1.000 |
| EE's Included | 3/3 | 3/3 | 3/3 |
| Total Monthly Cost | \$1,589.74 | \$1,792.94 | \$2,130.60 |
| Total Annual Cost | \$19,076.88 | \$21,515.28 | \$25,567.20 |
| Est. Tax Credit | \$2,670.00 | \$3,011.00 | \$3,578.00 |

The above rates and benefits are for general information and discussion purposes only and not valid unless approved by the carrier. Final rates are determined by the carrier's underwriting guidelines and final enrollment. The insurance policy, not general rates and descriptions in this website or printed output, will form the contract between the insured and the carrier.



THE LAW OFFICES OF
DAVID E. HOLLAND

January 22, 2016

Lebec County Water District
Mr. Michael Hightower, President
323 Frazier Mountain Park Road
Lebec, CA 93243
lebecwater@att.net

Dear Mr. Hightower:

Thank you for choosing the Law Offices of David E. Holland to represent the Lebec County Water District. The following letter agreement will govern all services that this offices provides to you.

General Nature of Legal Services to be Provided

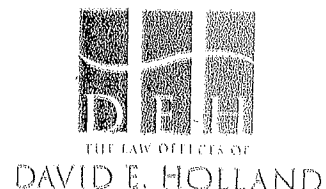
This office will provide such legal services as you request and that we expressly agree to undertake. This letter agreement does not cover litigation services of any kind, whether in court, arbitration, administrative hearings, or government agency hearings. *Also, we do not provide tax advice*, and you must rely on your accountants or other tax advisors for tax advice. In particular, it will be very important for you to work closely with your accountant to insure you receive the tax benefits you want from any transaction.

Of course, we cannot make any promises or guarantees about the outcome of the matters as to which you have asked us to represent you. When this office provides you with an opinion as to the probable outcome of any matter, it is with the understanding that our opinion is just that, and not a promise or guarantee.

To the extent our client is a legal entity or trust, our client will be the entity itself or the trustee and not its officers, directors, shareholders, partners, members or beneficiaries. There may be times when the interests of the entity may not be identical to those of some or all of the owners or managers. In those instances, those parties may need separate legal representation.

Client's Duties

Effective legal representation requires a high level of cooperation between attorney and client. Therefore, by executing this letter, you are agreeing to cooperate with this office, keep us fully and truthfully informed of all developments, and to abide by the terms of this letter.



messenger and courier services, computer database charges, filing fees, conference call fees, and similar charges. All expenses will be itemized on your billing statements. We do not charge for routine expenses such as normal long distance telephone calls, facsimile transmissions and minimal in-house photocopy charges.

Billing Statements

We generally bill monthly for services provided, although smaller bills may be deferred to be included in a future statement with additional, related work.

Billing statements will indicate the nature of the legal services performed, the fees and expenses incurred in connection with those services, and your trust account balance (if any) as of the date of the statement. Statements are payable upon presentation, with payment expected within 30 days. We reserve the right to impose a late charge of .833% per month on all amounts not paid within 30 days. We have the right to suspend all services for you if statements are not paid within 30 days. Our continuing to provide services during any such delinquency is not a waiver of our ability to suspend services at any time thereafter.

In the event any legal action or collection activity is necessary to enforce the terms of this fee agreement, you agree to pay reasonable costs and attorney fees incurred by us in attempting to collect the amount due.

If our fees charged to you are not clear, please do not hesitate to contact us regarding them. Of course we will not charge you to discuss your billing with you. We want to ensure that you understand and agree with any fees that are charged to you. However, you do have the right to arbitrate any fee dispute through Fresno County Fees Arbitration Procedures (California Business & Professions Code Section 6200, et seq.).

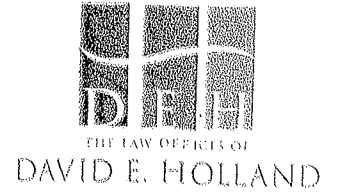
Termination

You may discharge this office at any time. We may withdraw with your consent or for good cause. Good cause includes your breach of this letter agreement, refusal to cooperate or to follow this our advice on a material matter, or any fact or circumstance that would render our continuing representation unlawful or unethical. After services conclude, we will, upon your request, deliver your file and property in our possession.

Responding to Subpoenas and Other Requests for Information

In the event this office is required to respond to a subpoena or other formal request from a third party or a governmental agency for our records or other

Lebec County Water District
January 22, 2016
Page 5



We look forward to working with you.

Sincerely,

David E. Holland

CLIENT ACCEPTANCE

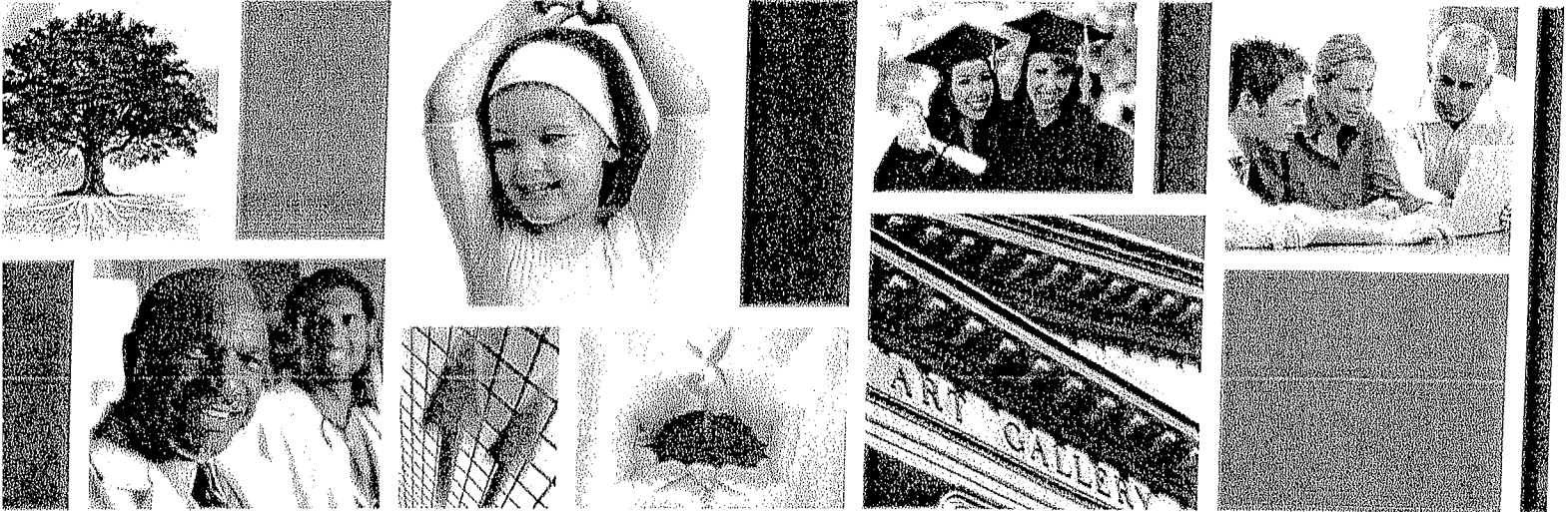
I have read and understand the foregoing letter agreement on behalf of the Lebec County Water District, and agree to engage the Law Offices of David E. Holland for legal services on the terms and conditions of that agreement.

LEBEC COUNTY WATER DISTRICT

By _____
Its _____

Lebec County Water District

February 11, 2016

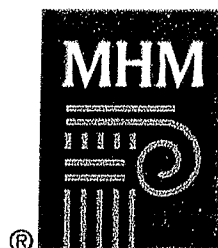


Working Together to Ensure the Growth and Success of the Lebec County Water District

Proposal to Provide Audit Services

Mayer Hoffman McCann P.C.
5060 California Avenue, Suite #800
Bakersfield, CA 93309

Contact: Jennifer Haney, CPA
Shareholder
jhaney@cbiz.com
Phone: 661-325-7500
Fax: 661-325-7004



Mayer
Hoffman
McCann P.C.
An Independent CPA Firm

*PROPOSAL OF INDEPENDENT AUDIT SERVICES
TO THE
Lebec County Water District*

Submitted by:

**MAYER HOFFMAN McCANN P.C.
5060 CALIFORNIA AVENUE, SUITE #800
BAKERSFIELD, CA 93309**

February 11, 2016

CONTACT PERSON – JENNIFER HANEY, SHAREHOLDER
PHONE NO: (661) 325-7500
DIRECT: (661) 616-3715
FACSIMILE NO: (661) 325-7004
EMAIL: JHaney@cbiz.com
WEBSITE: www.mhmcpa.com

MAYER HOFFMAN McCANN P.C.
CALIFORNIA LICENSE NO. CORP 5091

MAYER HOFFMAN McCANN P.C.
FEDERAL IDENTIFICATION NO. 43-1947695

PROPOSAL OF AUDIT SERVICES
TO THE
LEBEC COUNTY WATER DISTRICT

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APPENDIX

Mayer Hoffman McCann P.C. Peer Review Report

Accounting Today – Top 100 Firms



Mayer Hoffman McCann P.C.
An Independent CPA Firm

5060 California Avenue, Suite 800
Bakersfield, California, 93309
661-325-7500 ph
661-325-7004 fx
www.mhmcpa.com

February 11, 2016

Lebec County Water District
Rebecca Moore, Executive Officer
323 Frazier Mountain Park Road
Lebec, CA 93243

Mayer Hoffman McCann P.C. is pleased to respond to your request to serve as the independent auditors for the Lebec County Water District (the District) for the fiscal year ending June 30, 2016. Mayer Hoffman McCann P.C. (MHM) would be your best selection for the following reasons which are set forth in greater detail in our proposal:

- Mayer Hoffman McCann P.C. is a national CPA Firm. In California, Mayer Hoffman McCann P.C. has offices in Los Angeles, Oxnard, Bakersfield, Irvine, San Diego and San Jose. More than 400 accounting and audit professionals serve clients from the California offices.
- MHM's audit team of Jennifer Haney, Engagement Shareholder and Ryan Cunha, Engagement Manager have a proven track record in serving governmental entities. The Engagement will be staffed with members of Bakersfield Office, which is approximately 40 miles from the Lebec County Water District's Office.
- We are proud of our leadership role in local governmental auditing and accounting. Our firm has audited numerous local government clients throughout Southern California, including school districts, municipalities, and special districts.
- We understand the scope of work to be performed and we can and will deliver the services desired by the Lebec County Water District within the agreed upon deadline of each year.
- Mayer Hoffman McCann P.C. adheres to the strict quality control measures and high professional standards of the Public Company Accounting Oversight Board (PCAOB), the American Institute of Certified Public Accountants (AICPA) and California State Board of Accountancy. MHM is a member of the AICPA's Center for Public Company Audit Firms, Employee Benefit Plan Audit Quality Center, Governmental Audit Quality Center and the AICPA's Private Company Practice Section (PCPS).

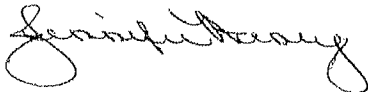
- We believe that our fee estimate and structure will assure the Lebec County Water District of a fair and reasonable cost (based upon the experience of our audit team) to perform the annual audit examination of the Lebec County Water District.
- Ms. Jennifer Haney, Shareholder is an authorized shareholder of MHM and is authorized to bind our Firm in contractual matters with the Lebec County Water District. Ms. Haney is also authorized to make representations for the Firm to the Lebec County Water District.
- Mayer Hoffman McCann P.C. and all key personnel are licensed with the California State Board of Accountancy to practice as independent certified public accountants. Additionally, Mayer Hoffman McCann P.C. is independent with respect to the Lebec County Water District within the Government Auditing Standards.
- Mayer Hoffman McCann P.C. is an equal opportunity employer.

Our service philosophy is one of open and constant communication, a proactive approach and responsive, value-added services. We will listen to your ideas and concerns and will bring creative solutions to you in both financial and other operational areas. The attached proposal will further highlight our strengths, resources and commitment to excellence.

Our proposal remains a firm and irrevocable offer for 60 days. I look forward to you contacting me so that I may answer further any questions which you may have. You may contact me at (661)325-7500.

Very truly yours,

MAYER HOFFMAN McCANN P.C.



Jennifer Haney, CPA
Shareholder



Ryan M. Cunha, CPA
Manager

SECTION A

ABOUT MAYER HOFFMAN McCANN P.C.

Mayer Hoffman McCann P.C. is a National CPA Firm. The firm is independently owned and operated through its 270 shareholders. The firm began in Kansas City, Missouri in 1954. After years of steady growth the Firm expanded into a National Practice. Mayer Hoffman McCann P.C. currently operates from 35 offices throughout the United States and is licensed in all 50 States. Mayer Hoffman McCann P.C. is closely aligned with CBIZ (NYSE:CBZ). The 270 shareholders in the 35 Mayer Hoffman McCann P.C. offices direct the resources of approximately 2,000 Accounting and Audit professionals who service the attest clients of Mayer Hoffman McCann P.C.

The Western Region Offices of Mayer Hoffman McCann P.C. work closely together in servicing clients and sharing professional resources among offices. Those offices locations are as follows:

- Irvine California
- Los Angeles, California
- Bakersfield, California
- Oxnard, California
- San Diego, California
- San Jose, California
- Salt Lake City, Utah
- Phoenix, Arizona
- Tucson, Arizona

The Western Region offices have more than 425 professional accounting and audit personnel available to the 56 shareholders of Mayer Hoffman McCann P.C. in the nine Western Region offices.

MHM plans to provide the audit services to the District from full-time staff in our Bakersfield office. The Bakersfield office is part of MHM Southern California, which is made up of the offices of Bakersfield, Los Angeles, Orange County, and Oxnard, and San Diego. A breakdown of the Southern California Office's personnel by classification is as follows:

| Classification | Number of Employees |
|------------------------|----------------------------|
| Shareholders | 32 |
| Senior Managers | 13 |
| Managers | 18 |
| Seniors | 40 |
| Staff | 57 |
| Administrative support | 38 |
| Total personnel | 198 |

LICENSE TO PRACTICE

Mayer Hoffman McCann P.C. and all key personnel are licensed with the California State Board of Accountancy to practice as independent certified public accountants.

INDEPENDENCE

Mayer Hoffman McCann P.C. is independent with respect to the Lebec County Water District and its component units within the Government Auditing Standards and Generally Accepted Auditing Standards. Neither Mayer Hoffman McCann P.C. nor the key personnel have any potential or real conflicts of interest.

QUALITY CONTROL

Together, CBIZ & Mayer Hoffman McCann P.C. are one of the Top Ten accounting providers in the country. CBIZ is a provider of business consulting, tax and financial services, while MHM, an independently owned and operated CPA firm, provides audit and attest services. The two entities work seamlessly together to deliver a comprehensive array of services to meet the needs of clients and provide solutions for their growing operations. MHM adheres to the strict quality control measures and high professional standards of the Public Company Accounting Oversight Board (PCAOB), the American Institute of Certified Public Accountants (AICPA), and the California State Board of Accountancy (as well as other states when applicable). Our Firm is a member of the AICPA's Center for Public Company's Audit firms, Employee Benefit Plan Audit Quality Center, Governmental Audit Quality Center and the AICPA's Private Company Practice Section (PCPS).

As a member of the Private Companies Practice Section and PCAOB our audit procedures and working papers are regularly examined by another CPA firm in the firm-on-firm peer review program. The most recent Peer Review performed did cover the governmental auditing practice of this office. In addition, all aspects of the firm's quality control practices have been reviewed, including the firm's commitment to extensive training programs. In every member firm, each member of the professional staff must enroll in continuous professional education courses. Each is required to take at least 120 hours of classes over a three-year period. Courses cover a wide spectrum of professional and technical subjects, and include Fraud Auditing, Professional Ethics and Governmental Accounting and Auditing topics to help the practitioner maintain his/her professional expertise.

INSURANCE COVERAGE

Our firm maintains insurance coverage in the amounts necessary for:

- Professional Liability / Errors & Omissions
- General Liability
- Automobile Liability
- Workers Compensation

As is customary in our profession, we carry professional liability insurance in amounts that we believe are appropriate in the circumstances and comparable to firms of similar size and risk profile. Once selected as your service provider, we will assess the appropriate level of insurance coverage and provide you with an insurance certificate.

SECTION B

OUR PRIOR EXPERIENCE AUDITING GOVERNMENT ENTITIES

Mayer Hoffman McCann P.C. has over thirty years of experience in the audits of local government units (all funds audit examinations of cities including single audits performed under OMB Circular A-133, financial and compliance audits of California Redevelopment Agencies, audit examinations of public housing authorities, joint powers authorities, school districts, and special districts). Among the local government and educational entities which the Southern California offices of MHM have served during recent fiscal years are the following:

All Funds Examinations of California Cities in (by County)

Kern County

City of Arvin
City of Delano
City of Tehachapi

Orange County

City of Aliso Viejo
City of Costa Mesa
City of Fountain Valley
City of Garden Grove
City of Laguna Beach

Los Angeles County

City of Burbank
City of Beverly Hills
City of Commerce
City of Compton
City of Culver City
City of Inglewood

Fresno County

City of Sanger

Orange County, Continued

City of Mission Viejo
City of Newport Beach
City of Orange
City of Rancho Santa Margarita
City of Villa Park

Los Angeles County, Continued

City of La Verne
City of Pasadena
City of Santa Monica
City of Temple City
City of Torrance
City of West Covina

San Bernardino County

City of Highland
City of Redlands
City of Upland

Riverside County

City of Hemet
City of Indian Wells
City of Indio
City of Rancho Mirage
City of Riverside

San Diego County

City of Carlsbad
City of Escondido
City of National City
City of Santee
City of San Marcos
City of Solana Beach

Other Counties

City of Benicia
City of Campbell
City of Gilroy
City of Half Moon Bay
City of Hayward
City of San Bruno

Audits of Special Purpose Governments (in Alphabetic Order)

- Alameda Corridor Transportation Authority (Agreed Upon Procedures)
- Antelope Valley Transit Authority (Financial Statement, NTD, and A-133 Audit)
- Coachella Valley Association of Governments (Financial Statement and Agreed Upon Procedures)
- California Domestic Water Company (Financial Statement Audit)
- Coachella Valley Conservation Commission (Financial Statement and A-133 Audit)
- Coachella Valley Mosquito & Vector Control District (Financial Statement Audit)
- Coachella Valley Water District (Financial Statement and A-133 Audit)
- Cucamonga Valley Water District (Financial Statement and A-133 Audit)
- Eastern Municipal Water District (Financial Statement and A-133 Audit)
- Inland Empire Utilities Agency (Financial Statement and A-133 Audit)
- Irvine Ranch Water District (Financial Statement, A-133 Audit, and Agreed Upon Procedures)
- Los Angeles County Metropolitan Transportation Authority (Compliance Audits)
- Mesa Consolidated Water District (Financial Statement)
- Moulton Niguel Water District (Financial Statement and Agreed Upon Procedures)
- Municipal Water District of the District of San Bernardino (Financial Statement and A-133 Audit)
- Omnitrans (Financial Statement, TDA, A-133 Audit)
- Orange County Transportation Authority (Financial Statement, NTD, TDA, A-133 Audit)
- San Diego Association of Governments (Financial Statement, Compliance, and A-133 Audit)
- San Gabriel Basin Water Quality Authority (Financial Statement and A-133 Audit)

SECTION C

CAPABILITIES IN GENERAL CONSULTING AND COMPLIANCE AUDITING

In addition to our annual auditing services, we have assisted our clients by performing both attest services and various management advisory and other accounting services, including:

- Internal audit services
- Prop 218 verifications
- Assistance to Bond underwriters in providing "parity certificates" in relation to new debt issuance
- Tax advice regarding deferred compensation, employee benefits, use of company vehicles, etc.
- Assistance in the selection of qualified finance personnel for employment
- Rate modeling
- Investment portfolio compliance testing
- Reviews of billing systems
- Special fraud audits
- Gross receipts audits
- Contractual agreement compliance audits
- Review of central purchasing systems
- Review of warehouse controls and inventory systems
- Review of operations in City Treasurers' Office
- Special information system reviews
- Assistance in presentations to Board of Directors
- Assistance in cash reconciliation problems
- Determination of the cost of excess sewer capacity for a developer/District contractual arrangement
- Assistance in computation of Proposition 111 Gann Limitations

SECTION D

CLIENT REFERENCES

For your convenience, we have listed below references with regard to audit work performed by Mayer Hoffman McCann P.C. for three local governments in Southern California. For each of the references, we currently or recently served as independent auditors and have served these organizations for a number of years.

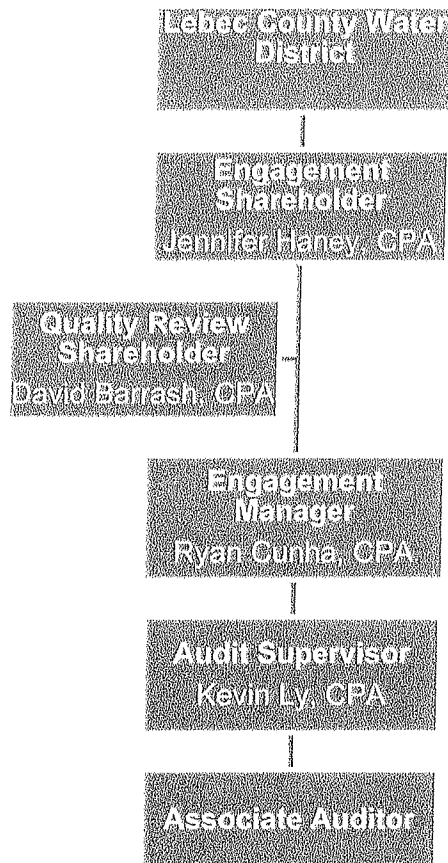
| <u>Name of Client/Contact</u> | <u>Shareholder/ Manager</u> | <u>Total Hours</u> |
|--|--|---------------------------|
| 1. Kern High School District Bob Dickson Director of Fiscal Services (661) 325-7500 Bob_Dickson@khsd.k12.ca.us <i>Annual audit services from 2003-2015.</i> | Haney/Cunha | 990 |
| 2. City of Delano Rosa Rios Finance Director (661) 720-2235 RRios@CityofDelano.org <i>Annual audit services from 2010-2014.</i> | Haney/Cunha | 525 |
| 3. City of Arvin Linda Hollinsworth Finance Director (former) (562) 694-6302 lindah@lhhcity.org <i>Annual audit services from 2008-2012.</i> | Haney/Cunha | 430 |

SECTION E

QUALIFICATIONS AND RELATED EXPERIENCE OF THE PERSONNEL
WHO WILL SERVICE THE LEBEC COUNTY WATER DISTRICT

The successful outcome of any audit requires personnel with the managerial and technical skills to perform the work required. The engagement team who will serve the Lebec County Water District have served together as a team of professionals on numerous financial audit examinations of local government entities, including complex governmental agencies.

We believe that efficient administrative management and supervision of the audits is an extremely critical factor in achieving the desired results for the Board of the Lebec County Water District. In that regard, our proposed organizational structure for providing your independent auditing services is as follows:



Consistency of Staffing - We make every effort to maintain the same engagement team at the Shareholder, Manager, and Senior levels. Associate auditors may rotate every year; however, any new staff auditors assigned to the engagement will be working closely with the Supervisor assigned to the engagement. We have the ability to provide alternative or additional personnel should such actions become necessary to complete the project in a timely manner.

Resumes of key audit team members are included on the following pages.

**JENNIFER HANEY, CPA
ENGAGEMENT SHAREHOLDER**

California CPA Certificate No. 65656, December 1993

ROLE ON PROJECT

Ms. Haney will serve as the Engagement Shareholder on this project. She will oversee the project to ensure all required deadlines are met, provide technical assistance to the audit team, and review the final reports before they are released. Ms. Haney is a Certified Public Accountant with over 10 years experience in local government auditing. Ms. Haney has been a National Level auditing instructor for Mayer Hoffman McCann P.C. Ms. Haney has also been responsible for training in the Southern California offices.



PROFESSIONAL EXPERIENCE

- 26 years - Mayer Hoffman McCann P.C.

PROFESSIONAL AFFILIATIONS

- Certified Public Accountant - California
- American Institute of Certified Public Accountants
- California Society of Certified Public Accountants, Bakersfield Chapter
- Kern County Sheriff's Activity League

EDUCATION

- Bachelor of Sciences - Business Administration, Concentration in Accounting (*University of the Pacific*)

AREAS OF EXPERTISE

Audits of School Districts
Audits of Proposition 39 Measure D
Single Audits/State Compliance Audits
Pension Plan and Commercial 401(k) Audits
Audits of HUD Multifamily Housing Entities

REPRESENTATIVE CLIENTS

| | |
|---|---|
| Kern High School District | KHSD Early Retiree Health Benefit Plan |
| KHSD Education Foundation | LA County Pension Plans |
| City of Arvin | City of Delano |
| HUD Multifamily Real Estate Organizations | Private Enterprise Pension and 401(k) Plans |

ROLE ON PROJECT

Ryan will serve as Audit Manager for the engagement. He will be onsite during the engagement and work closely with the Lebec County Water District staff. Mr. Cunha has experience auditing School Districts, governments, non-profits, and performing A-133 single audits. Ryan is a trained user of the IDEA data mining software and services as the office's Technology Champion, designating him to provide IT related attest assistance to our office's personnel.

Ryan currently serves as the Treasurer of a nonprofit organization, CASA of Kern County, which is an organization that speaks for abused and neglected children in the juvenile dependency process. Ryan is also the current Treasurer for the Bakersfield Chapter of the California Society of Certified Public Accountants.



PROFESSIONAL EXPERIENCE

- 4 years - Mayer Hoffman McCann P.C.

PROFESSIONAL AFFILIATIONS

- American Institute of Certified Public Accountants
- California Society of Certified Public Accountants
 - Incoming President - Bakersfield Chapter
- California Society of Municipal Finance Officers
- CASA of Kern County (Non Profit Organization), Treasurer

EDUCATION

- Bachelor of Science - Business Administration/Accounting (California State University, Fresno)
- Masters of Science in Accounting (*Golden Gate University – In Progress*)

RELEVANT EXPERIENCE

- City of Delano, CA
- City of Arvin, CA
- City of Oxnard, CA
- Tule River Tribal Council
- Kern High School District
- KHSD Early Retiree Health Benefit Plan

SECTION F

AUDIT APPROACH

SCOPE OF WORK

Our understanding of the objectives and scope of the work to be performed is based upon your request for proposal.

Based upon the foregoing we understand the objectives and scope of work to be as follows:

1. We will perform an audit examination of the financial statements of the Lebec County Water District for the fiscal year ending June 30, 2016. Our examination will be conducted in accordance with generally accepted auditing standards, the AICPA Audit and Accounting Guide, *Audits of State and Local Government Units*, and the *Government Auditing Standards* issued by the Comptroller General of the United States. Lebec County Water District will prepare the *management discussion and analysis section* of the report. We will be responsible for copying and binding the reports and providing an electronic copy. We will provide our audit opinion to the District by December 1st of each year.
2. If necessary, we will perform a "Single Audit" of the Lebec County Water District in accordance with the *Single Audit Act Amendments of 1996* (Public Law 104-156) and 2 CFR Part 200 Uniform Grant Guidance (previously known as OMB Circular A-133). Our single audit will cover all federal grants received by the District as a primary or secondary recipient for fiscal year ended June 30, 2016 and subsequent years. The District will provide to the Auditors the Schedule of Expenditures of Federal Awards encompassing all direct and pass-through federal funds received by the District. We will render our reports on the single audit in accordance with the single audit requirements. We will also prepare the Data Collection Form and process the electronic filing of the report with the Federal Audit Clearing House.
3. We will prepare a letter to the District reporting matters dealing with internal control that meet the threshold of being a *significant deficiency* or *material weakness*, as defined by AU-C 265 (formerly SAS No. 115). We will immediately report any irregularities or illegal acts that come to our attention to the District.
4. We will meet with the board or audit committee to discuss the results of the audit.
5. We desire to keep our local government clients abreast of new developments affecting local government finance. We will also advise your staff of new accounting developments during the interim/planning stage of each year's audit.
6. Finally, we perceive the scope of our work as being advisors to the Lebec County Water District regarding generally accepted accounting principles. Throughout the year, the Executive Officer and other finance personnel of the District, will have access to Ms. Haney, Engagement Shareholder, Mr. Cunha, and Mr. Ly to seek advice in the application of generally accepted accounting principles, the establishment and segregation of funds, advice regarding debt issuance, financial statement preparation and content and other matters relating to the District.

METHODOLOGY AND AUDIT APPROACH

The audit approach of Mayer Hoffman McCann P.C. is unique with regard to the following:

- * Our firm is sensitive to the priorities and work requirements of our clients. We work around the schedules of our clients when scheduling segments of the audit or requesting documentation in order to minimize disruption in the Finance Department.
- * Whenever possible, we use accounting support already prepared by the client in order to avoid duplication or unnecessary requests for audit supporting schedules.
- * Because of our firm's expertise in local governmental auditing, our staff are trained and familiar with local government accounting. You will spend no time in training our personnel.
- * Throughout the year we are a resource to our clients in providing accounting advice, researching technical questions, dealing with tax problems, and helping with other problems as they arise.

BENEFITS OF MHM AUDIT SOFTWARE

Caseware

Mayer Hoffman McCann P.C. utilizes Caseware audit software for the electronic organization of workpapers. We have the ability to accept audit documentation in either hard copy or electronic format. Caseware allows us the ability to import trial balances that can be provided in either excel or a text document. Some of the benefits of using Caseware trial balance software are as follows:

- We can create our own lead sheets (for example, a schedule Due to/Due from other funds). This limits the amount of time District staff spends creating audit schedules.
- We can link the Annual Financial Report ("AFR") schedules directly to the Caseware trial balances. As a result, we can provide District with fund financial statements almost immediately after receiving the trial balance from the District.
- We can provide the District with reports showing the coding of the AFR schedules for ease of review by District staff. These reports show each account coded to a specific AFR line item as well as journal entries that are posted during the audit.
- Our software automatically generates analytical review reports by account number for ease of analyzing significant fluctuations between fiscal years.
- Creating color PDF's of final reports is a seamless process for our audit staff.
- We can provide the District with draft audit reports shortly after audit fieldwork is completed.

Data Mining

We plan to utilize our data mining software, IDEA, that will take source data from your accounting system and scan the data for anomalies such as duplicate invoices and checks written on non-payroll processing or cash disbursement processing days. See additional information about IDEA in the Key Audit Procedures section below.

INTERNAL CONTROLS AND MANAGEMENT LETTER COMMENTS

During the planning phase of the audit for the year ended June 30, 2016, we plan to evaluate internal controls over the following primary transaction areas:

- Cash Receipting
- Infrastructure and Capitalization of Assets
- Purchasing
- Accounts Payable and Cash Disbursements Cycle
- Payroll Cycle/Human Resources
- Information Systems

There are three categories of internal control recommendations. We work carefully with Districts' staff to ensure our classification of identified weaknesses is correct. The categories are as follows:

Control deficiency – these are minor internal control weaknesses that can be communicated either verbally to the District's Finance management or in writing, if preferred.

Significant deficiency – these internal control weaknesses must be communicated in writing to the District.

Material weakness – these internal control weaknesses must be communicated in writing to the District.

When formulating internal control recommendations, we obtain a thorough understanding of the specific circumstances at District in order to provide a tailored, practical recommendation. We understand that there is commonly more than one acceptable way to correct an internal control weakness. We work with District staff to ensure the recommendation is practical to implement.

KEY AUDIT PROCEDURES

Following our appointment as auditors of Lebec County Water District, Ms. Haney, Engagement Shareholder, and Mr. Cunha, Engagement Manager, will meet with the Executive Officer and other key staff for the purpose of planning the audit. Ms. Haney will also communicate with the Board /Audit Committee during the planning stages of the audit in accordance with AU-C 260 (formerly SAS 114). In addition to establishing an effective and efficient communication link with District personnel, the following will be accomplished:

- Dates for audit field work of the various audit examinations will be finalized.
- Arrangements will be made with District personnel for the typing of confirmation requests.
- We will determine a materiality level for the financial statements
- We will perform a risk assessment of the Lebec County Water District

- Review minutes of the District's Board.
- Review important contracts and agreements. We will ensure these agreements have been properly recorded under Government accounting standards.
- Testing of purchase orders and contract management.
- Performing testing of cash disbursements to determine adherence to policies and internal controls.
- We will perform an IT risk assessment of the District's information systems used affecting financial reporting.
- Performing test of payroll transactions to ensure amounts paid agree to personnel action forms and District pay schedules and that there are no unusual compensation practices.
- Performing required compliance and internal control testing relating to the federal grant programs of the District.

In October (after the final closing of the books and preparation of the trial balance by District personnel), we will commence performing our *year-end substantive audit*. Our final examination will include tests which we deem necessary, including:

- Confirmation of cash and investment balances.
- Testing of bank reconciliations.
- Testing of GASB 40 investment disclosures.
- Testing of interest income.
- Examination of support and subsequent receipt (if any) of significant receivable balances.
- Analytical review of receivable balances
- Performing a search for unrecorded liabilities.
- Testing of significant accrued liability accounts.
- Testing of long term debt balances and debt covenants (if applicable).
- External verifications of bond compliance through the Electronic Municipal Market Access (EMMA) database (if applicable).
- Analytical review of interest expense.
- Consideration of support for compensated absences.
- Examination of the valuation of claims and judgments.
- Testing of additions and deletions to capital assets.
- Analysis of construction in process balances.
- Testing of support for other significant assets and liabilities of the District.
- Testing for the proper establishment of fund balance restricted, committed, and assigned balances under GASB 54.
- Testing of actuarial valuations related to pension obligations and new disclosures under GASB 68.

- Review of significant events after year end (through the completion of our audit).
- Review of attorney letters for significant legal matters affecting the District's financial position.
- Testing of revenues and expenditures and lesser significant asset and liability balances through analytical procedures and other substantive procedures as necessary.
- In cases where there are sensitive public policy issues, we modify performance materiality in those areas to perform more extensive auditing procedures
- Procedures with respect to the risk of management override of internal controls
- We will incorporate an element of unpredictability every year that will focus on an audit area that is not typically considered a high or significant risk area such as petty cash, credit card purchases, new vendors, travel expenses, etc.
- We will utilize our data mining software IDEA to further analyze areas of audit focus. We have a list of over 500 ways to use IDEA in an audit including searching for duplicate or voided checks, cross-referencing vendor address with employee addresses, detecting accounting transactions recorded on the weekend, reviewing journal entry postings for unauthorized individuals. The IDEA software identifies specific transactions for the auditors to review for potential fraud or error.

The aforementioned tests are only a few of the tests performed during the examination and by no means is it meant to be all inclusive. During the audit, Ms. Haney and Mr. Cunha will meet with finance staff to review our audit findings, any adjusting journal entries, and pending audit issues.

2 CFR Part 200 Uniform Grant Guidance (Previous OMB A-133)
SINGLE AUDIT PROCEDURES

As a part of our Single Audit for the years in which the entity expends greater than \$750,000 in federal funding, we would supplement our approach with the following procedures in performing the single audit.

- Review all pertinent federal and AICPA publications including recent changes and updates.
- Perform a major program determination based on federal expenditures during the audit period and the results of the last two single audits. This evaluation will involve consideration of the complexity of the program, prior audit findings, changes in personnel, the competency of personnel, the extent to which sub-recipients are used, the extent of overview and monitoring by granting agencies, the extent of recent changes in program requirements, the newness of the program, the size of the program, and the inherent risk of the program.
- Perform an online search for American Recovery Act Grants that have been awarded to the District.
- Identify and obtain the major program compliance supplements and all up to date grant compliance guidance available from the federal granting agency or other sources.
- Review internal controls for each of the 14 applicable compliance areas for each major program

- Select a sample of transactions to test for each of the 14 applicable compliance areas.
- Test the entity's indirect cost rate, if applicable.
- Review monitoring reports for noncompliance and follow up on the resolution of the noncompliance, if any.
- Prepare the single audit report and data collection form.

Extent of Sampling

Our approach for audit sampling will vary depending on the transactions tested. When there are a significant number of transactions, we will generally use a random sample generator to select a sample of 40 transactions. At times, we will select the largest transactions in a given class of transactions to ensure that all material transactions have been tested. Other times, the audit risk for a particular class of transactions is such that only certain transactions are susceptible to that risk. In those cases, we will identify the transactions at greatest risk, and test those transactions. When not using random sampling, we strive to test at least 65% of the population of transactions.

Identification of Anticipated Audit Problems

We do not anticipate any potential audit problems in the audit of Lebec County Water District.

Consideration of Laws and Regulations

Each year of the audit we will review changes to laws and regulations that impact the District. We are heavily involved with the CalCPA's Government Accounting and Auditing Committee (GAA) and have authored many of the white papers issued by GAA in the last ten years. In this role, we are working closely with California regulators to interpret how laws and regulations impact California governments. At the beginning of the audit, we will perform an assessment of which laws and regulations are direct and material to the financial statement audit of the Lebec County Water District. We will then design tests to determine if the District is in compliance with those laws and regulations.

Proposed Timing of the Audit for FY 15/16

| | |
|--|--|
| Entrance Conference | August 1 st |
| Final request list and detailed audit plan | August 1 st |
| Planning meeting | September 12 th |
| Final fieldwork | Week of September 12 th |
| Exit meeting | November 7 th |
| Draft of AFR and other reports | November 7 th |
| Final reports | Within 5 days of your review of draft reports but no later than December 1 st |
| Meeting with Board or Audit Committee | As scheduled by the Board |

The above schedules are subject to the review and approval of Commission staff and can easily be modified to meet your needs.

Segmentation of the Audit

Professional Hours and Segmentation of Audit

| | <u>Rate</u> | <u>Hours</u> | <u>Cost</u> | <u>Percentage</u> |
|-------------|-------------|--------------|-------------|-------------------|
| Shareholder | \$ 290 | 12 | \$ 3,480 | 10% |
| Manager | \$ 195 | 25 | 4,875 | 21% |
| Senior | \$ 95 | 80 | 7,600 | 68% |
| Total | | 117 | \$ 15,955 | 100% |

SECTION G

OUR HOURLY RATES AND MAXIMUM FEE TO PERFORM THIS ENGAGEMENT

The following is a summary of our fixed fee (including out-of-pocket expense) for performing the audit engagement for the Lebec County Water District:

June 30, 2016 \$15,955

The above fees assume no single audit is performed. If a Single Audit is necessary, the fee will increase by \$4,000 each year, assuming 1 Major Program is audited.

The fee for additional services would be subject to separate arrangements at the following hourly rates:

| | |
|---------------------|-------|
| Shareholder/Partner | \$290 |
| Manager | 195 |
| Senior | 95 |
| Staff | 75 |

We are committed to developing and maintaining strong and open relationships with our clients. To that end, we subscribe to the 'no surprises' approach. This two-way concept allows us to keep the lines of communication open throughout the year. While we will be working closely with you throughout the audit process, we are also committed to letting you know in advance of scope changes or concerns that we may incur additional costs related to our work together. Likewise, as anything changes throughout the year with Lebec County Water District, you can notify us in advance so we can prepare for any impact the change might have on the audit process.

THE 2015 *accountingTODAY* TOP 100 FIRMS

| RANK | Firm | Headquarters | Chief executive | Year and | REVENUE | | PERSONNEL | | | FEE SPLIT (In percent) | | | |
|------|--------------------------------|-------------------|---------------------------------|----------|-----------|---------|-----------|---------------|------------|------------------------|-----|-----|-------|
| | | | | | \$ mn. | Offices | Partners | Professionals | Total emp. | A&A | Tax | M&S | Other |
| 1 | Deloitte § | New York City | Cathy Engelbert | May | 14,908.00 | 107 | 3,030 | 50,562 | 64,884 | 29 | 18 | 48 | 5 |
| 2 | PwC § | New York City | Robert Moelis | June | 11,724.00 | 72 | 2,691 | 33,024 | 41,571 | 41 | 20 | 31 | 0 |
| 3 | Ernst & Young § | New York City | Steve Howe | June | 9,900.00 | 80 | 2,700 | 26,100 | 34,000 | 36 | 29 | 28 | 7 |
| 4 | KPMG §1 | New York City | John Valkeney | Sept | 6,870.00 | 101 | 1,813 | 20,113 | 27,102 | 34 | 20 | 38 | 0 |
| 5 | McGladrey 2 | Chicago | Jon Adams | April | 1,470.74 | 75 | 644 | 5,075 | 7,062 | 41 | 36 | 22 | 1 |
| 6 | Grant Thornton | Chicago | J. Michael McGuire | Dec | 1,392.51 | 57 | 529 | 4,692 | 6,456 | 41 | 20 | 31 | 0 |
| 7 | BDO | Chicago | Wayne Barson | June | 833.00 | 52 | 346 | 2,967 | 4,041 | 30 | 32 | 10 | 0 |
| 8 | Crowe Horwath* | Chicago | Charles Allen | Dec | 866.60 | 29 | 257 | 2,315 | 3,094 | 28 | 24 | 48 | 0 |
| 9 | CBIZ / Mayer Hoffman McCann *3 | Cleveland | Chris Spurio / Bill Hanscock | Dec | 600.00 | 103 | 429 | 1,832 | 2,914 | 30 | 35 | 35 | 0 |
| 10 | CliftonLarsonAllen | Minneapolis | Danny Schleper | Dec | 598.40 | 29 | 225 | 3,245 | 3,799 | 40 | 33 | 9 | 18 |
| 11 | CohnReznick | New York City | Thomas Marino / Kenneth Boggatt | Jan | 575.00 | 26 | 274 | 1,850 | 2,674 | 55 | 27 | 6 | 12 |
| 12 | Baker Tilly Virchow Krause | Chicago | Tenothy Christen | May | 475.45 | 29 | 156 | 2,003 | 2,468 | 44 | 33 | 19 | 4 |
| 13 | BKD | Springfield, Mo. | Theodore Dickman | May | 445.80 | 34 | 245 | 1,525 | 2,203 | 40 | 31 | 21 | 0 |
| 14 | Plante Moran | Southfield, Mich. | Gordon Krater | June | 433.07 | 20 | 262 | 1,435 | 2,066 | 41 | 26 | 33 | 0 |
| 15 | Moss Adams | Seattle | Chris Schmidt | Dec | 429.00 | 20 | 265 | 1,401 | 2,176 | 46 | 37 | 17 | 0 |
| 16 | Marston | New York City | Jeffrey Walner | Dec | 385.40 | 17 | 154 | 891 | 1,248 | 40 | 41 | 6 | 13 |
| 17 | Dixon Hughes Goodman | Charlotte, N.C. | Matt Snow | Dec | 338.00 | 29 | 157 | 1,222 | 1,714 | 35 | 34 | 31 | 0 |
| 18 | EkmanAmper | New York City | Charles Weinstein | Jan | 282.50 | 6 | 172 | 996 | 1,168 | 49 | 39 | 12 | 0 |
| 19 | UHY Advisors Inc. 4 | Chicago | Anthony Frabotto | Dec | 203.59 | 15 | 99 | 724 | 994 | 34 | 46 | 19 | 1 |
| 20 | Eide Bailly | Fargo, N.D. | Dave Sterick | April | 195.40 | 22 | 107 | 1,191 | 1,591 | 42 | 39 | 9 | 10 |
| 21 | Wipfli 5 | Milwaukee | Rick Dreher | May | 180.99 | 22 | 148 | 950 | 1,318 | 24 | 28 | 48 | 0 |
| 22 | Citrin Cooperman & Co. | New York City | Joel Cooperman | Dec | 175.00 | 6 | 144 | 410 | 649 | 48 | 40 | 7 | 5 |
| 23 | Carr, Riggs & Ingram | Enterprise, Ala. | William Carr | Sept | 171.08 | 21 | 130 | 674 | 943 | 45 | 41 | 14 | 0 |
| 24 | Weiss Mazars | New York City | Douglas Phillips | Aug. | 157.60 | 8 | 109 | 497 | 734 | 40 | 40 | 20 | 0 |
| 25 | Cherry Bekaert | Richmond, Va. | Howard Kies | April | 130.80 | 12 | 51 | 576 | 796 | 44 | 46 | 10 | 0 |

Key and notes: Last year's rankings have been revised based on 2013 revenues provided by firms. Some firms' rankings will therefore differ from those reported last year.
 * Firm estimate † Accounting Today estimate § Gross revenue NC No change NA Not available or not applicable NR Not ranked

1 In 2014, KPMG modified the allocation of revenues for inter-function work, so this year's figures by fee split are not on a like basis to those published in previous years' reports. There is no impact on overall firm revenues. For its fee split, the firm reported both rounded percentages (given here), and exact dollar amounts (given in our Databank.) Office figure comprises business offices, as opposed to every physical location. 2 For its fee split, McGladrey reported both rounded percentages (given here), and exact dollar amounts (given in our Databank on page 5.) 3 Revenue from two service lines not previously reported is included, and 2013 revenue has been restated for comparison purposes. Office figures are for CBIZ; MHM has 34 offices. 4 UHY Advisors and UHY LLP are affiliated through an alternative practice structure. 5 Figures do not include mergers concluded late in 2014.

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Mayer
Hoffman
McCann P.C.
An Independent CPA Firm



CliftonLarsonAllen LLP
CLAAconnect.com

System Review Report

To the Shareholders of Mayer Hoffman McCann P.C.
and the AICPA National Peer Review Committee

We have reviewed the system of quality control for the accounting and auditing practice of Mayer Hoffman McCann P.C. (the Firm), applicable to engagements not subject to PCAOB permanent inspection, in effect for the year ended April 30, 2014. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The Firm is responsible for designing a system of quality control and complying with it to provide the Firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the Firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under the *Government Auditing Standards*; audits of employee benefit plans, and examinations of service organizations [SOC 1SM and SOC 2SM engagements].

In our opinion, the system of quality control for the accounting and auditing practice of Mayer Hoffman McCann P.C., applicable to engagements not subject to PCAOB permanent inspection, in effect for the year April 30, 2014, has been suitably designed and complied with to provide the Firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Mayer Hoffman McCann P.C. has received a peer review rating of *pass*.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Milwaukee, WI
September 4, 2014



An independent member of Nexia International

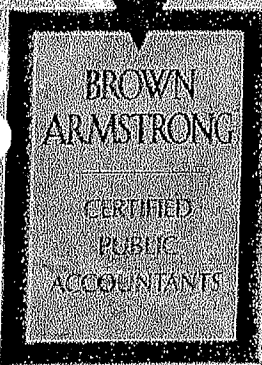


BROWN ARMSTRONG
Certified Public Accountants

Technical Proposal

**Proposal for Professional
Auditing Services
Lebec County Water District
February 12, 2016**

Thomas M. Young, CPA/Partner
T: (661) 324-4971
E: tyoung@bacpas.com
4200 Truxtun Ave., Suite 300
Bakersfield, CA 93309



BROWN ARMSTRONG

Certified Public Accountants

February 12, 2016

Jessica Carroll
Lebec County Water District
P.O. Box 910
Lebec, CA 93243

Dear Ms. Carroll;

Brown Armstrong Accountancy Corporation is pleased to submit this proposal to perform professional auditing services for Lebec County Water District for the year ending June 30, 2016. We believe our proposal exceeds your requirements.

We feel that we are the best candidate to meet your needs. We are committed to the performance and efficient completion of this audit on or before the required due dates.

Brown Armstrong is one of the largest regional accounting firms in Central California. Our mission is simple, we are set out "to exceed expectations and provide opportunities" for our clients. Our seventy-three (73) employees lead us in achieving this mission by working with our clients individually to overcome any challenges with a special combination of knowledge and experience in governmental and non-profit audits. We have audited numerous agencies similar to yours for four decades. We are experts in governmental accounting and auditing and have assisted numerous clients in receiving the Certificate of Achievement for Excellence in Financial Reporting.

Our firm partners, managers, and seniors are actively involved in trade associations such as Government Finance Officers Association (GFOA) and the California Society of Municipal Finance Officers. Several of our Partners are pro bono recognized reviewers for the GFOA Certificate of Achievement Award Committee. We enthusiastically contribute our time to this Award process because as we review CAFRs from all across the United States, we maintain current, up-to-date knowledge of municipal accounting principles.

Beyond the activity in trade associations, we offer our clients the education and organization to prepare themselves for upcoming regulation and compliance changes.

**BAKERSFIELD OFFICE
(MAIN OFFICE)**

800 TRUXTON AVENUE
SUITE 300
BAKERSFIELD, CA 93309
TEL: 661-324-9371
FAX: 661-324-4997
EMAIL: info@brownarm.com

FRESNO OFFICE

7675 N. INGRAM AVENUE
SUITE 101
FRESNO, CA 93711
TEL: 559-476-3592
FAX: 559-476-3593

PASADENA OFFICE

260 S. LOS ROBLES AVENUE
SUITE 310
PASADENA, CA 91107
TEL: 626-204-6342
FAX: 626-204-6547

STOCKTON OFFICE

5750 CLAREMONT AVENUE
SUITE 227
STOCKTON, CA 95207
TEL: 209-491-4833

REGISTERED with the Public Company
Accounting Oversight Board and
Member of the American Institute of
Certified Public Accountants

BROWN ARMSTRONG

Certified Public Accountants

Special District Experts

Brown Armstrong is a full service, regional accounting firm that bases our success on the relationships fostered, and performance of the best quality service possible. Our partners and staff are not strangers to auditing water districts. The team assembled for you has been specially chosen to fit your needs. From staff accountant to partner, this group is trained to understand water district audit requirements and carry out the desired scope of work based on your needs.

Not only is our team of professionals trained to perform audits, but all members have experience auditing irrigation districts similar to Lebec County Water District (the District). This knowledge and background will lead to an efficient, timely, and quality audit that will keep your operation running smoothly.

Similar Clients

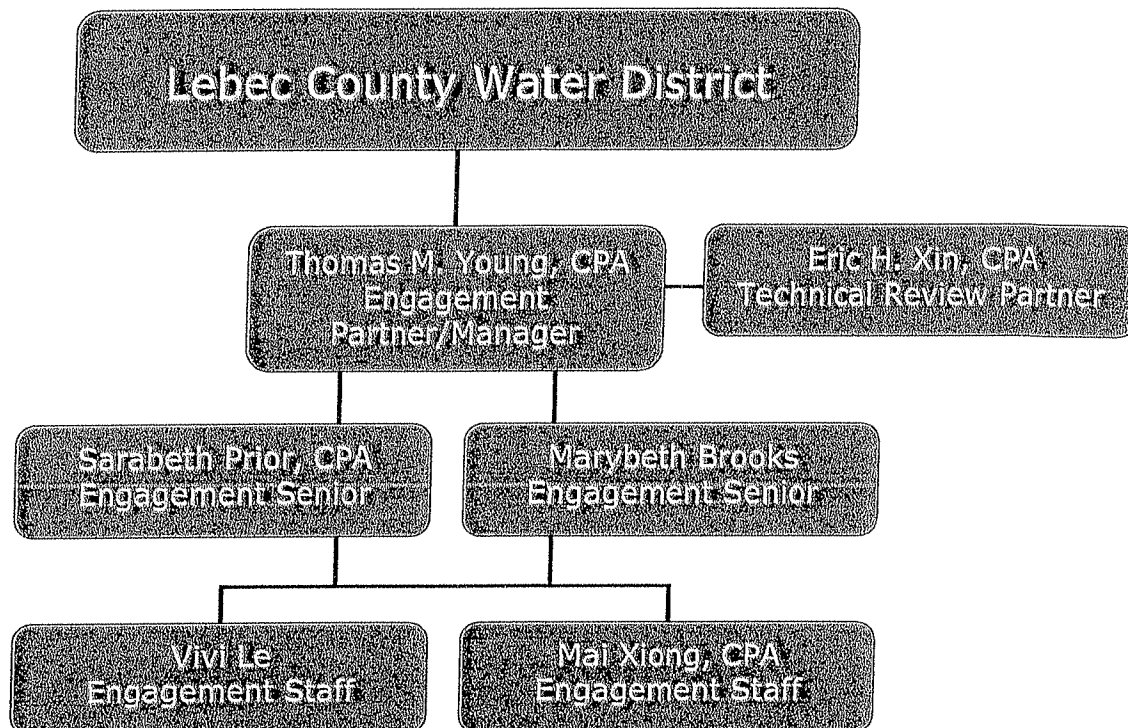
Our firm has extensive California Governmental experience. We currently audit counties, cities, and numerous other local governments. Exhibit II of this proposal presents a summary of our recent governmental experience.

Following is a list of the most significant engagements, including current and prior clients, performed in the last five years that are similar to your District's engagement:

| Client | Partner | Type of Work | Years Served | Hours |
|--|--------------|-------------------------------|-----------------|-------|
| Santa Clara Valley Water District Anita Ong, Accounting Manager (408) 265-2607 aong@valleywater.org | Thomas Young | Financial & Compliance Audits | 2010 to 2012 | 560 |
| Fresno Irrigation District DeAnn Hailey, Controller (559) 233-7161 ext. 7201 dhailey@fresnoirrigation.com | Thomas Young | Financial & Compliance Audits | 2010 to 2014 | 300 |
| Fresno Metropolitan Flood Control District Paul Merrill, Finance Manager (559) 456-3292 ext. 1003 paulm@fresnofloodcontrol.org | Eric Xin | Financial & Compliance Audits | 2009 to Present | 400 |

Engagement Team Structure

Lebec County Water District Professional Auditing Services



Eric H. Xin, CPA
Technical Review Partner



Eric Xin, a partner at Brown Armstrong, will be the Technical Review partner for this engagement. He has over 19 years experience in auditing governmental entities and brings expertise in many areas. His primary audit focus is in counties, cities, and special districts.

Not only does he have experience in the audit process, but he will be an integral member of the team when it comes to keeping standards up to date. He is a reviewer for the GFOA Certificate of Achievement Program and reviews the Governmental Accounting Standards Board (GASB) advisory committees' latest pronouncements.

Roles and Responsibilities

- Responsible for assisting the Engagement partner in performing the audit risk assessment and design audit procedures.
- Assists in audit documentation review in significant areas.
- Reviews financial statements to ensure they are in conformance with GAAP and GFOA requirements.
- Advises the audit team regarding technical matters and provides concurring approval of financial statements and audit reports.

Clients Served

*Only chosen clients are listed

Special Districts

San Joaquin Area Flood Control Agency
Los Osos Community Services District
San Joaquin Valley Air Pollution Control District
San Joaquin Valleywide Air Pollution Study Agency

Counties

County of Kern
County of Fresno
County of Kings
County of Riverside
County of Tulare

Cities

City of Bakersfield / RDA
City of Fresno / RDA
City of Tulare / RDA
City of Visalia / RDA
City of Santa Barbara / RDA

Education

California State University,
Bakersfield, 1996
Masters of Business Degree in
Business Administration

Nankai University, China, 1989
Bachelors of Science Degree in
Business

Vivi Le
Engagement Staff

Education

California State University,
Santa Barbara, 2013

Bachelors of Arts
Degree, Economics and
Accounting

Clients Served

*Only chosen clients are listed

Counties

County of Fresno
County of Kings
County of Santa Cruz
County of Santa Barbara
County of San Luis Obispo
County of Tulare

Cities

City of Lindsay
City of Modesto
City of Visalia

Special Districts

Fresno Irrigation District
Fresno Metropolitan Flood
Control District

Transit Districts

County of Kings TDA
County of Stanislaus TDA

Non-Profits

Economic Development
Corporation-Kings County
Tulare Basin Wildlife
Partners

Mai Xiong, CPA
Engagement Staff

Education

California State University,
Fresno, 2010

Bachelors of Science
Degree, Accountancy Option

Clients Served

*Only chosen clients are
listed

Counties

County of San Luis Obispo
County of Santa Barbara
County of Stanislaus
County of Tulare

Cities

City of Fresno

Non-Profits

Kings Economic
Development Corporation

Special Districts

Fresno Metropolitan Flood
Control District
San Joaquin Air Pollution
Control District

Transit Districts

Stanislaus Council of
Governments
Santa Cruz Metropolitan
Transit District

Continuing Professional Education

Our employee's growth is important to us. We don't just recruit great talent, we foster it. Brown Armstrong is committed to go above and beyond the compliance with auditing standards generally accepted in the United States of America. We ensure that all of our professional staff meets continuing professional education (CPE) requirements.

We administer comprehensive training programs as part of our commitment to our employees and outstanding quality of service.

Proposed Project Schedule

| Time Period | Audit Task |
|--------------------|------------------------------------|
| February | Contract Award |
| August | Planning and Administration |
| August | Interim Audit Procedures |
| September | Year End Audit Procedures |
| December | Financial Reporting |

Approach to the Audit

The audit will be done in accordance with generally accepted auditing standards as published by the American Institute of Certified Public Accountants and by the Comptroller General of the United States. We will express an opinion on the financial statements that will enable the District to meet the requirements of the Government Finance Officers Association Certificate of Achievement for Excellence in Financial Reporting.

If conditions are discovered which lead to the belief that material errors, defalcations, or other irregularities may exist, or if any other circumstances are encountered that require extended services, we will promptly notify the District's Finance Director. We will not perform extended services unless mutually agreed upon by both parties.

In accordance with Government Auditing Standards, we will perform a compliance audit by selecting necessary procedures for testing to express an opinion regarding compliance with the provisions of any and all Federal, State, and District Statutes, Ordinances Administrative Code and rules and regulations.

Following is our detailed audit work plan to be followed to perform the services included in your request for proposal.

We will begin with an entrance conference with District Management during the month of August 2016. During this time we will begin the following procedures:

- < Interviewing key management personnel to verify or resolve complicated issues.
- < Summarizing potential significant deficiencies and opportunities for efficiencies and improvements for discussion with management.

Test of Controls and Compliance

Based on our preliminary assessment of the internal control structure and risk factors, we anticipate performing internal control testing in the following areas:

| <u>Area</u> | <u>Sample Size</u> |
|-------------------------------------|--------------------|
| Receipts and revenues; | 40-60+ |
| Disbursements and accounts payable; | 40-60+ |
| Payroll and related liabilities; | 40-60+ |
| Capital assets additions; and | 40-60+ |

We will perform internal control testing during the month of August 2016. Sample sizes will depend on the extent of reliance placed on the given sample and the volume of transactions involved. Statistical and random sampling will be used to ensure that all samples truly represent the population being tested. We will use audit command language (ACL) software and your on-site automated data system on an "inquiry only" basis for purposes of identifying the postings of items selected for testing. Findings will be discussed with management for accuracy and the process of recommendations immediately started.

Establishment of Final Audit Plan

Our audit plan will be based on the following:

- Results of our compliance and control testing;
- Analytical procedures applied to interim financial statements of the District;
- Results of our risk assessment;
- Results of audit brainstorming and team discussions; and
- Discussions with management.

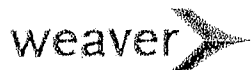
Final Field Work

We expect to begin the final stages of the work in the month of September 2016 (subject to the District's approval).

During this phase, we will perform both analytical and substantive procedures such as variance analysis between prior year actual balances vs. current year actual balances and between current year actual balances vs. budget balances, predictive testing, confirming account balances, vouching revenues and expenditures and reviewing estimates for unpaid claims.

Appendix I

Peer Review Report



System Review Report

To the Shareholders of
Brown Armstrong Accountancy Corporation
and the National Peer Review Committee of the AICPA

We have reviewed the system of quality control for the accounting and auditing practice of Brown Armstrong Accountancy Corporation (the firm) applicable to non SEC issuers in effect for the year ended October 31, 2012. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based upon our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at www.aicpa.org/prsummary.

As required by the standards, engagements selected for review included engagements performed under *Government Auditing Standards* and audits of employee benefit plans.

In our opinion, the system of quality control for the accounting and auditing practice of Brown Armstrong Accountancy Corporation applicable to non SEC issuers in effect for the year ended October 31, 2012, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Brown Armstrong Accountancy Corporation has received a peer review rating of *pass*.

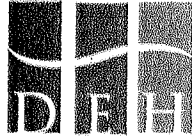
Weaver and Tidwell, LLP
WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
February 8, 2013

AN INDEPENDENT
MEMBER OF BAKER TILLY
INTERNATIONAL

WEAVER AND TIDWELL LLP
CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS
WWW.WEAVERLLP.COM

DALLAS
12221 MERIT DRIVE, SUITE 1400, DALLAS, TX 75251
P.(972) 490 1970 F.(972) 702 3321



THE LAW OFFICES OF
DAVID E. HOLLAND

January 22, 2016

Lebec County Water District
Mr. Michael Hightower, President
323 Frazier Mountain Park Road
Lebec, CA 93243
lebecwater@att.net

Dear Mr. Hightower:

Thank you for choosing the Law Offices of David E. Holland to represent the Lebec County Water District. The following letter agreement will govern all services that this offices provides to you.

General Nature of Legal Services to be Provided

This office will provide such legal services as you request and that we expressly agree to undertake. This letter agreement does not cover litigation services of any kind, whether in court, arbitration, administrative hearings, or government agency hearings. *Also, we do not provide tax advice*, and you must rely on your accountants or other tax advisors for tax advice. In particular, it will be very important for you to work closely with your accountant to insure you receive the tax benefits you want from any transaction.

Of course, we cannot make any promises or guarantees about the outcome of the matters as to which you have asked us to represent you. When this office provides you with an opinion as to the probable outcome of any matter, it is with the understanding that our opinion is just that, and not a promise or guarantee.

To the extent our client is a legal entity or trust, our client will be the entity itself or the trustee and not its officers, directors, shareholders, partners, members or beneficiaries. There may be times when the interests of the entity may not be identical to those of some or all of the owners or managers. In those instances, those parties may need separate legal representation.

Client's Duties

Effective legal representation requires a high level of cooperation between attorney and client. Therefore, by executing this letter, you are agreeing to cooperate with this office, keep us fully and truthfully informed of all developments, and to abide by the terms of this letter.

messenger and courier services, computer database charges, filing fees, conference call fees, and similar charges. All expenses will be itemized on your billing statements. We do not charge for routine expenses such as normal long distance telephone calls, facsimile transmissions and minimal in-house photocopy charges.

Billing Statements

We generally bill monthly for services provided, although smaller bills may be deferred to be included in a future statement with additional, related work.

Billing statements will indicate the nature of the legal services performed, the fees and expenses incurred in connection with those services, and your trust account balance (if any) as of the date of the statement. Statements are payable upon presentation, with payment expected within 30 days. We reserve the right to impose a late charge of .833% per month on all amounts not paid within 30 days. We have the right to suspend all services for you if statements are not paid within 30 days. Our continuing to provide services during any such delinquency is not a waiver of our ability to suspend services at any time thereafter.

In the event any legal action or collection activity is necessary to enforce the terms of this fee agreement, you agree to pay reasonable costs and attorney fees incurred by us in attempting to collect the amount due.

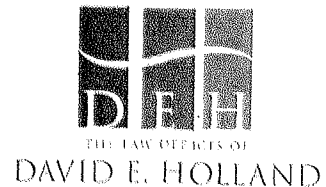
If our fees charged to you are not clear, please do not hesitate to contact us regarding them. Of course we will not charge you to discuss your billing with you. We want to ensure that you understand and agree with any fees that are charged to you. However, you do have the right to arbitrate any fee dispute through Fresno County Fees Arbitration Procedures (California Business & Professions Code Section 6200, et seq.).

Termination

You may discharge this office at any time. We may withdraw with your consent or for good cause. Good cause includes your breach of this letter agreement, refusal to cooperate or to follow this our advice on a material matter, or any fact or circumstance that would render our continuing representation unlawful or unethical. After services conclude, we will, upon your request, deliver your file and property in our possession.

Responding to Subpoenas and Other Requests for Information

In the event this office is required to respond to a subpoena or other formal request from a third party or a governmental agency for our records or other



We look forward to working with you.

Sincerely,

David E. Holland

CLIENT ACCEPTANCE

I have read and understand the foregoing letter agreement on behalf of the Lebec County Water District, and agree to engage the Law Offices of David E. Holland for legal services on the terms and conditions of that agreement.

LEBEC COUNTY WATER DISTRICT

By _____
Its _____

Utiligent

Some of the questions that were asked last board meeting have been answered:

- 1) How long would it take to receive a report listing the customers who were unable to be reached?

Answer- the calls go out out in "realtime" so we can open the software and see calls that have not gone through immediately.

- 2) Can a report be printed?

Answer- yes a report can be printed at any time.

- 3) How long of a message can we issue?

Answer- Up to 5 minutes

- 4) Can the message be translated into Spanish?

Answer- yes it can

The Mountain Enterprise

Hometown Publishing, LLC
 P.O. Box 610 • 3341 Los Padres Dr.
 Frazier Park, CA 93225
 Ph 661-245-3794 Fax 661-245-5620

2016-2017 Phone Book Advertising ORDER FORM

*Fax or email this completed, signed form to 245-5620
 or advertising@mountainenterprise.com*

DATE: _____ CUSTOMER # _____

Company: _____ Contact: _____

Billing Addr: _____ City: _____ State: _____ Zip: _____

Street Addr: _____ City: _____ State: _____ Zip: _____

Phones: (H) _____ (W) _____ (Fx) _____ (Cell) _____

Email Address: _____

Credit Card (Visa or MC): _____ Exp. Date: _____

**DON'T MISS THE
 DISCOUNT
 DEADLINE!
 MARCH 4th
 10% OFF**

**FINAL
 DEADLINE
 FOR ALL
 ORDERS
 MARCH 25**

| AD SIZE | | PRICE | AD SIZE | | PRICE |
|---------------------------|---|-------|--------------------------|--|----------|
| <small>HORIZONTAL</small> | | | <small>VERTICAL</small> | | |
| <input type="checkbox"/> | 1/8 page (4.375" x .875" or 2.1" x 1.875") | \$135 | <input type="checkbox"/> | 3/4 page (4.375" x 5.875") | \$570 |
| <input type="checkbox"/> | 1/4 page (4.375" x 1.875" or 2.1" x 3.875") | \$250 | <input type="checkbox"/> | Full page (4.375" x 8") | \$660 |
| <input type="checkbox"/> | 3/8 page (4.375" x 2.875" or 2.1" x 5.875") | \$360 | <input type="checkbox"/> | Additional listings in existing categories | \$ 28 ea |
| <input type="checkbox"/> | 1/2 page (4.375" x 3.875" or 2.1" x 8.0") | \$470 | <input type="checkbox"/> | Bold applied to listings * | \$ 17 ea |

* If you're ordering a 1/8 page to full page ad, you'll receive the additional bold listings for free.

Please put a checkmark next to the ad you want, sign and return this form. You can fax, email or bring it to the office. You will be contacted to confirm details of your phone book ad.

I want the same ad I had last year. I need changes to my ad

Place my ad in this category: _____ (call for assistance)

I want our company listed in these five (5) categories:

- | | |
|----|----|
| 1) | 4) |
| 2) | 5) |
| 3) | |

The Advertiser shall assume sole responsibility for statements, images or any other content contained in the Advertiser's advertisement without limitation, any extensions and amendments thereto, and shall hold harmless, defend and indemnify Hometown Publishing, LLC against any and all liability, loss or expense, including court costs, expert witness and attorney's fees, arising from claims, without limitation, for libel and all other forms of defamation, unfair trade practices, unfair competition, infringement of trademarks or service marks, names of patents, copyrights, proprietary rights and all violations of the right of privacy resulting from Advertiser's advertisement in Hometown Publishing's phone book or other media outlets. In the event payment for any advertising sold on credit is not received within thirty (30) days of invoice, including without limitation any verbal or written extensions to this order, a finance charge of 1-1/2% per month, 18% per year, will be assessed on any past due amount. Any legal fees or costs incurred to enforce the provisions of this contract shall be awarded to the prevailing party. If paying by credit card, my signature below authorizes The Mountain Enterprise to charge my credit card account for the advertising described above including verbal or written extensions.

Your signed Advertising Order, payment and all artwork, instructions and wording for your ad must be received at The Mountain Enterprise offices by the deadline in order for your ad to run in the publication chosen.

I, the undersigned, have read, understand and agree to these terms.

Signed: _____ Name: _____ Date: _____